

JANUARY 1979

# Nation's Business

the business advocate magazine

circulation at all-time high—1,170,000



## MESSAGE TO 96th CONGRESS

**Fight Inflation**

**Cut Spending  
And Taxes**

**End Needless  
Regulation**

**Promote Real  
Economic Growth**





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(HIS AVE)	CALL FOR
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# Nation's Business

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Nation's Business is the business advocate magazine leading the effort to strengthen the private enterprise system to advance human progress.

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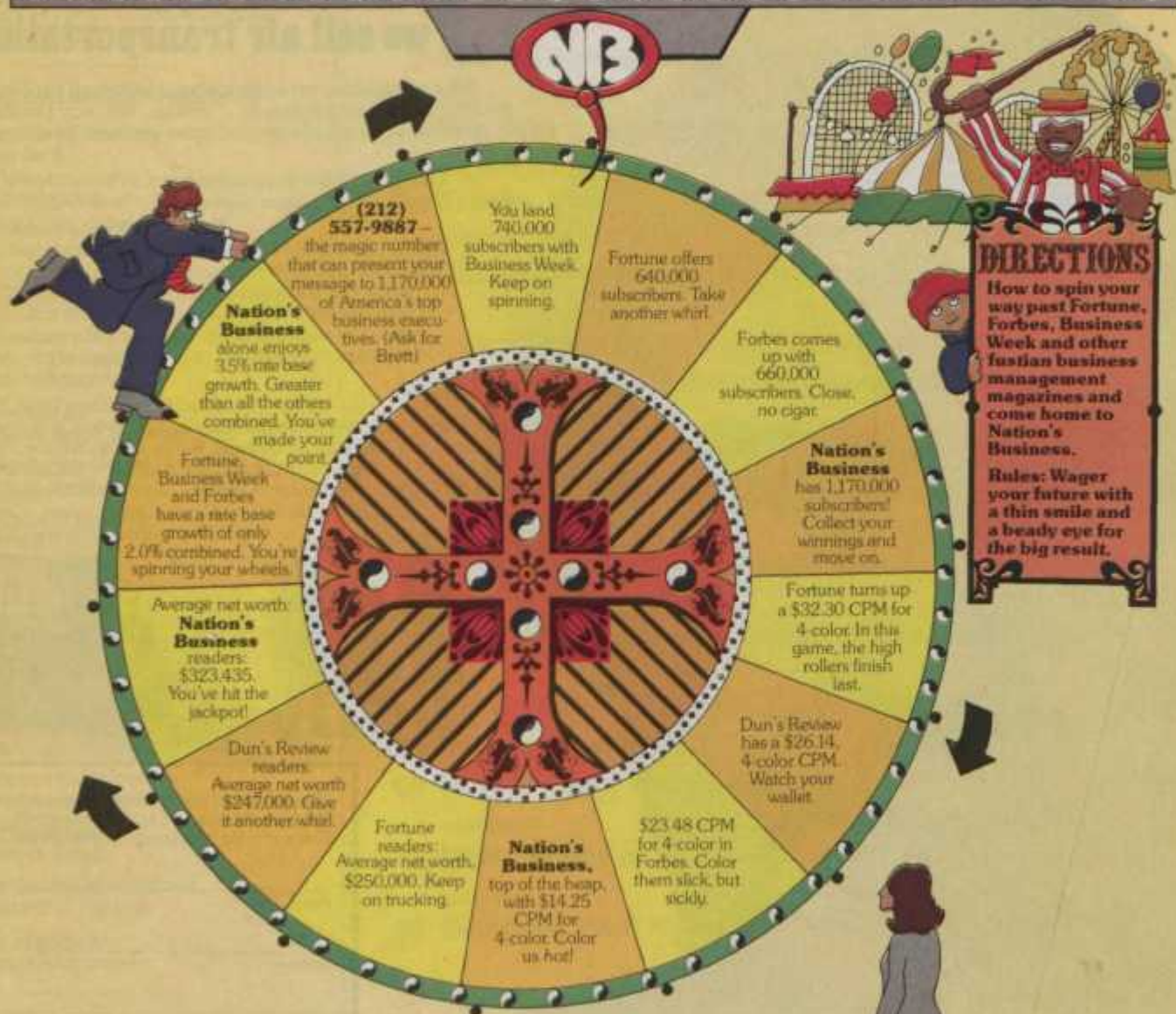


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because we are the business advocate magazine.



# The Nation's Business WASHINGTON LETTER

► **LOOK TO CONGRESS** this month for key signs on what may happen to economy, to your business in coming months.

President delivers State of Union message and his fiscal 1980 budget. Latter is scheduled Jan. 22.

Mr. Carter promises tough, lean budget--aimed at cutting deficit from \$39 billion for fiscal 1979 to below \$30 billion next fiscal year.

If this occurs, it will be most welcomed by business.

► **SENATE RULE 22** expected to be first major issue in upper house.

It's important, for Rule 22 governs process for ending filibusters.

Remember labor law reform?

Rule 22 was vehicle which allowed pro-business senators to keep that measure from becoming law. Three fifths of all senators now required to end filibuster.

Our sources say coalition of union, liberal organization people will make early effort to get rule changed.

If successful, allowing easier cutoff of debate, you can expect union forces to come out charging behind such pet initiatives.

► **LABOR LAW REFORM** will be back.

Issue may surface in package form--as it did in last Congress--if Rule 22 liberalized.

But insiders say if rule remains as is, labor law reform will find its way into 96th Congress piecemeal.

Labor wants those changes to National Labor Relations Act.

► **REVERSE-DISCRIMINATION CASE** before Supreme Court aimed at business.

It involves Title VII of Civil Rights Act, which is law governing discrimination by employers with 15 or more

workers. Case stems from suits by white worker at Kaiser Aluminum and Chemical Co. plant in Louisiana.

Kaiser and United Steelworkers Union had entered into training program agreement reserving 50 percent openings for blacks.

Plaintiff was denied entry to program.

At issue: Whether affirmative-action program valid when there is no proof of prior employer discrimination.

Kaiser had no history of employment discrimination.

Decision, expected late spring, could open door for numerous suits on either side of issue.

► **REVISED PRICE STANDARD**, unveiled by Council on Wage, Price Stability last month, "now designed to fail," says National Chamber Chief Economist Jack Carlson.

Here's why:

New standard requires half percentage point reduction from average of 1976, 1977 annual price hikes. Those years saw low price increases: Five percent for producer goods, 4.7 percent for finished goods.

Consensus forecast for producer prices next year is seven to eight percent, much higher than administration price standard would allow.

But these price increases already built into business planning cycle--to pay for possible cost increases for such items as raw materials.

Compliance tightens business-profit margin to a point where many businesses may not be able to participate.

► **PEOPLE WHO RUN COMPANIES**--even with administration's tougher prices, profits standards--are beginning to say they will make every effort to comply with



Mr. Carter's price guidelines. That leaves other side--wages--which are most noticeable with big union contracts.

Most union bosses say they want no part of President's wage guidelines. First real test comes this spring when Teamsters' contract expires.

► **MANDATORY WAGE-PRICE CONTROLS** still very possible.

Growing number of American business leaders expects such controls.

Latest National Chamber-Gallup survey of business confidence shows 76 percent of top business leaders polled expect controls within two years. That's up from 55 percent only three months ago.

► **NEW MONEY BAROMETER** emerging at Federal Reserve Board.

It's called M-1-plus, could replace M-1 as key indicator.

Fed has regarded M-1 as main money flow gauge. It includes deposits in checking accounts, money in circulation. Next measure, M-2, includes savings.

Fed recently authorized member banks to grant, in effect, automatic overdrafts if checking account becomes overdrawn.

Process is simple: If your checking account does not have enough funds, check automatically covered by money in your savings account. This must be arranged, however, and applies only to individual accounts.

Now, savings and checking accounts virtually indistinguishable.

New barometer, M-1-plus, includes both demand deposits, savings.

► **MONEY GAUGE IMPORTANT** as indicator on whether Federal Reserve Board following easy or tight money policy. This affects interest rates, impacts on economic expansion, unemployment.

► **HAVE YOU BORROWED ALL YOU NEED?**

Talk to your banker. Interest rates may be going up further. National Chamber economists predict higher interest rates ahead. They don't expect rates to peak until summer.

ITEM: No unanimity, but some economists foresee slight recession in

second, third quarters of 1979. Recession could have effect of causing lower interest rates.

► **THAT FARM PROTEST**--which saw thousands of farmers tractorcading on Washington about this time last year--may return.

There's talk in farmland America for resurgence. Main reason, say our sources, is that militant strike bosses want to keep plight of farmer before U. S. public.

But farm prices up from last year. Government reports net farm income expected to be more than \$26 billion for 1978, up \$5 billion from each of two previous years.

This hurts cohesiveness, but some farmers still suffering. Inflation hitting them hard, especially when coupled with such problems as lack of water in some areas and rising cost of fuel for irrigation pumps.

Most experts don't expect major protest. If one materializes, talk is that participating farmers will leave farms day Congress convenes, Jan. 15.

► **RURAL AMERICA** should receive greater attention from President in coming months.

Reason: Federal studies under way last year now producing specific recommendations. These five areas are targets for consideration:

Isolation; protecting economic vitality of rural areas; improving rural living conditions such as health care; ensuring equal treatment and access to federal programs; and encouraging better governmental partnerships--federal, state, local--on various programs.

Some new programs have already emerged, more are expected.

This can be important for business. Rural America has population of more than 60 million. We'll tell you about developments as they occur.

► **NOTE:** AFL-CIO has new legislative director as of Jan. 1. He is Kenneth Young, No. 2 legislative man since 1971. He replaces longtime director Andrew J. Biemiller, who retired.



# FORD MEANS BUSINESS IN BIG TRUCKS



Look over Ford's latest linehauler—the CL-9000 (lower right). We designed it to compete with the biggest and best trucks on the road today. Compare it and see for yourself.

Our L-Line Heavies (lower left) are already favorites in major fleets across

the country. And Ford Mediums are America's best sellers.

We build tough trucks for job performance that keeps buyers coming back. And provide service coast-to-coast through a network of 5,600 Ford Dealers. Like Ford, they mean business in big trucks.



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Ultralume is available in the warm, cool, and very cool shades you associate with fluorescents.

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**Ultralume™  
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It revolutionizes fluorescent lighting.





When the 1978-1979 bells ring for  
schools in your area,  
local students will need

# Economics for Young Americans

"Economics for Young Americans" is the vital multi-part economic education program that makes basic economics so interesting that it has taken the country by storm. More than 15,000 Phase I kits and some 2,500 Phase II kits are now in distribution...but there are still areas where the kits have not been placed.

If your community's secondary schools and junior colleges aren't using both phases of the program, now is the perfect time to sponsor distribution. If distribution takes place early in the school year, the educators have the opportunity to fit individual units into the entire session's overall planning...to decide which classes would gain the most by involvement with Phase I or Phase II units. Either kit can be used alone, but they are designed to complement one another.

The program was developed by teaching professionals for the National Chamber and covers four subjects in each kit...through filmstrips, audio cassette tapes, scripts, activity sheets

for each of the subjects, and a teacher's manual.

Phase I covers Profits, Productivity, Money, and Business/Ecology, while the Phase II subjects are Paychecks, Competition, Pricing, and Saving. In addition to the practicality of the economic topics, there is something else which makes this program very special.

The National Chamber, in distributing the kits, requests that the sponsors select a business person from the local area to go into the classroom at the teacher's invitation and discuss one of the topics...give the students the opportunity to hear someone speaking from first-hand experience

and to learn how basic economics relate to business operations in their community. (Business participants tell us that they consider this exchange highly rewarding.)

Phase I kits are \$35 each, Phase II, \$40...and the National Chamber will be glad to take care of distribution if you don't have a local chamber, or prefer doing it yourself.



## Economics for Young Americans

Mr. Robert H. Moxley, Project Director (202/659-6183)  
Chamber of Commerce of the United States  
1615 H Street N.W., Washington, D.C. 20062

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to broaden their knowledge of basic economics by having  
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during the 1978-1979 year.

\_\_\_\_\_ If the area I've picked is covered, you may place these  
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prise system.

No. wanted \_\_\_\_\_ PHASE I @ \$35 \$ \_\_\_\_\_  
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ber make distribution.  
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ORGANIZATION \_\_\_\_\_

STREET ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_



## Aerospace Employment May Climb to One Million



Final touches are applied to Gates Learjets at the firm's Tucson assembly plant. The Wichita-based manufacturer predicts a ten percent increase in hiring this year. Overall, aerospace employment is expected to exceed one million in 1979.

Aerospace employment is expected to exceed one million by the end of 1979, the highest level in eight years, predicts the Aerospace Industries Association.

AIA's projection is based on the substantial number of new orders for civil aircraft, especially commercial transports. The employment level in this category alone is expected to reach 70,000, an increase of 55 percent over the 44,700 people who built passenger and cargo airplanes in 1976.

The new wave of airplane purchases is a result of new route awards by the Civil Aeronautics Board, increased public travel prompted by discount fares, and federal standards requiring commercial carriers to meet lower noise standards.

Employment in the manufacture of aerospace-related products and basic aerospace research and development activities are also increasing. The greater activity in those two segments of the industry will result in jobs for an additional 28,000 people.

The Pacific region, particularly Cali-

fornia and Washington, account for about 40 percent of all aerospace employees, followed by New England with 14 percent, and the Mid-Atlantic region with 11 percent.

Peter Bush, Boeing Co.'s director of public relations, says: "We originally predicted an employment increase of ten to 15 percent for 1978 and then had to increase our hiring by 22 percent. We haven't worked out a prediction yet for 1979."

By the fourth quarter of 1979, Boeing will have increased its production of commercial aircraft from 15 to 28 per month, according to Mr. Bush. Twelve will be 727 models, the workhorse of the airlines industry. Although Boeing is now taking orders for its new 767 and 757 models, production will not begin until 1981.

On Long Island, where about 24,000 people work for Grumman Corp., the area's largest single employer, company planners don't expect a significant change in employment levels. "We anticipate no new projects for 1979, but employment will remain stable," says

company spokesman Robert P. Harwood.

Grumman produces only military aircraft, although Grumman Aerospace, the company's major subsidiary that accounts for about 80 percent of the corporation's sales, contracts out aerospace equipment.

According to the AIA employment survey, the manufacture of military aircraft is declining and will continue its downward trend by 0.2 percent throughout 1979. However, a modest increase is expected in the missile and space segment of the industry.

In the corporate aviation field, Gates Learjet Corp. of Wichita, Kans., predicts a ten percent increase in hiring with production remaining relatively constant. "We produced about 100 airplanes in 1978," says Allan K. Higdon, director of public relations. "We expect to do about the same in 1979." •

## SBA Starts Special Loan Program for Energy Firms

Small businesses that manufacture energy equipment or supply energy-related services are now eligible for federal loans of up to \$500,000 through a new Small Business Administration program.

Under the SBA's Energy Loan Assistance Program, a small firm can apply if it is unable to secure a loan from a commercial bank.

Loans can be used to acquire land for construction purposes and to purchase machinery, equipment, furniture, fixtures, facilities, and supplies. A limited part of the loan may be allocated for research and development and working capital.

If a small energy-related business can't get a bank loan, SBA may lend up to \$350,000 in direct money, or that amount as its share of a participatory loan with a private lender. On commercial bank loans, the agency will guarantee up to \$500,000.

Eligible firms include those manufacturing passive or active solar energy equipment; equipment for the conversion of biomass, wind energy, or



hydropower into energy; photovoltaic cells; conservation devices or services; and engineering, architectural, consulting, or other professional energy-related services.

Randy Dyer, associate director of the Solar Energy Industries Association, says the specialized loan program from the SBA is "just what the doctor ordered" for an industry in which 85 percent of the firms are small businesses. He adds, however, that the \$5 million initially authorized for loans to solar energy firms "won't go very far." •

## Gulf Launches Twin Heavy-Lift Ships

With the launching of two heavy-lift sister vessels, the S. S. John Henry and S. S. Paul Bunyan, the Gulf Oil Corp. becomes the first U. S. oil firm to diversify into non-oil shipping operations.

The first heavy-lift ships ever built in a U. S. shipyard, they will compete with foreign shipping firms, which now have the only vessels built to handle very heavy cargo.

The Gulf ships can transport up to 1,000 tons of single piece cargo, such as turbine and nuclear generators, using the roll-on, roll-off method of loading. The ships can carry up to 432 tons of smaller equipment.

The corporation has tentative plans to build two more ships of this type. "We see this as another profitable ven-

ture," says a Gulf spokesman. "We already have a great deal of skill in shipping crude oil, and this is a logical extension for us."

Hoping to take still more business away from foreign shippers, American Atlantic Shipping, Inc. has ordered a technologically unique ship that can operate in shallow ports as well as travel across oceans.

The recently launched M. V. America was built by Equitable Shipyards, Inc. of New Orleans, with financing from the Maritime Administration. The ship is the first of three the shipyard will complete by the spring. The break-bulk container vessels have three holds that can carry refrigerated as well as containerized cargo.

Equitable expects more orders for the ships from American owners. "We feel potential customers will want to ask for Maritime Administration financing because of the unique capabilities of the ship," says a spokesman for the shipbuilding firm. •

## Continued Growth Forecast for Metal Powder Industry

The metal powder industry, which has been growing at the rate of eight to ten percent annually for the past several years, expects to do as well or better in 1979.

Kempton H. Roll, executive director of the Metal Powder Industries Federation, says the powder metallurgy in-

dustry has never been in a better position to provide economical, reliable metal components to American industry while conserving materials and energy.

Two new plants are expected to be operating by 1980, which would add roughly 73,000 tons of metal powder capacity to the industry.

The increased demand has resulted from greater use of powder-metal iron and steel components by manufacturers of passenger cars, washing machines, business machines, garden tractors, and power tools.

The use of metal powder allows manufacturers to mold parts to the desired shape that require little secondary finishing. This reduced machining cuts waste and gives energy savings of nearly 50 percent over the use of conventional wrought and machined parts.

This savings has prompted a major manufacturer of garden tractors to specify 12 to 15 new powder-metal parts in tractors which already contain about 25 pounds of such parts. A business equipment firm that already uses 1,800 powder-metal parts and bearings is designing new products to capitalize on powder-metal technology. •

## Increasing Use of Plastics Forecast for Auto Industry

Boom years are ahead for reinforced plastics such as fiberglass.

Predicasts, a Cleveland business information and market research firm, says the main reason is the weight reductions sought by the auto industry to meet federal regulations requiring an average fleet fuel use of 27.5 miles per gallon by 1985.

John Wimberly, senior analyst at Predicasts, says use of reinforced plastic in U. S. passenger cars will increase about 14 percent annually through 1990, when more than one billion pounds of the lightweight materials will be used by the auto industry.

This represents more than 100 pounds per vehicle, a jump from 28 pounds in 1977 and about four pounds in 1967.

While reinforced plastic—a lightweight material combining the strength of glass with the corrosion resistance of plastic—was initially chosen only for body panels, fiberglass-reinforced plastic is now used in more than 350 different auto parts. Some of them include front-end panels, grilles,

*continued on page 72B*



Gulf Oil Corp. became the first U. S. petroleum firm to diversify into non-oil shipping with the construction of the John Henry and a sister ship, the only heavy-lift ships ever built in this country. Gulf plans to build two more.





## EXECUTONE INTRODUCES THE EQUALIZER.

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## Swilling at the Public Trough?

I am still aghast after reading "The Dangers of Deregulating the Trucking Industry" [Nov.]. Did I really read that the leader of a substantial company and spokesman of his industry's major association is afraid to operate without the long and protective arm of the federal government? Or did I merely read that the industry is afraid of good and honest competition, the very cornerstone of a viable free enterprise system?

A similar concern was expressed by the airline industry a few years ago when deregulation was first being considered. Today, the nation is served as never before not only by the major airlines but also by commuter or feeder airlines, some of which operate planes with no more than four passengers.

While the trucking industry may

have some problems different from the airline industry's, history has proven that government regulation does nothing but add cost and inefficiency while stifling ingenuity and initiative.

One wonders how many of the hundreds of trucks on the highway are running empty because they are permitted to haul to a destination but not from? How many are taking a long route from City A to City B to City C because they are permitted to haul from A to B and from B to C but not from A to C?

If the leaders of the trucking industry feel it necessary to swill at the public trough forever, it will never improve.

GEORGE E. GANDSEY  
President  
Power Systems, Inc.  
Schaumburg, Ill.

William T. Cassels's article is a perfect example of why business is criticized for trying to maintain protectionism.

Current regulation of trucking supports the larger truckers to the detriment of the smaller trucker and the public.

Obtaining a permit does not depend upon safety considerations or financial responsibility. It depends on obtaining a good lawyer who can overcome the objections of competing truckers for similar tariffs and routes.

If deregulation of trucking would result in chaotic rate wars, less safety, and a reduction in financial responsibility, as Mr. Cassels suggests, why does the transportation of unregulated commodities work so well?

The cost of transporting similar unregulated and regulated commodities between the same points does not differ materially, but the rates charged differ tremendously.

Those who oppose the deregulation of trucking are really afraid of an increase in competition.

HENRY W. POETT III  
Vice President  
Wilsey Bennett Co.  
San Francisco

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I highly recommend that Mr. Cassels get out of trucking and into politics where he could increase government regulation of the trucking industry and drive up the cost of hauling goods even further.

Last year, the airline industry made more profits, with less cost to the consumers, than at any other point in its history because of one fact, government deregulation. When and if the government gets out of the trucking industry, I feel reasonably sure that the net results will be the same.

M. R. DOBBS  
General Manager  
T. G. & Y. Distribution Center  
Orlando, Fla.

### Anachronistic tradition

To give positive expression to something as depraved as hunting ["Hunting: An American Tradition," Oct.] is certainly out of order.

It is sickening to read about a person



who kills the beautiful beasts of the wild so that he can have a trophy to hang on the walls of his hotel and can show how macho he is.

There is nothing noble or heroic about killing helpless animals. If a man wants to prove he is brave, let him face other men who have weapons, too.

If hunting is an American tradition in this day of diminishing natural resources, it is an anachronistic one.

ALLEN E. WARREN  
American Teaching Aids  
Covina, Calif.

### Keep off the grain

Your article, "Hunting: An American Tradition" [Oct.], illustrates well why the tradition is dying. The photograph shows clearly a hunter trampling mature grain in a field not yet harvested.

The inability to make such a basic distinction and, as is much more often the case, the plain wanton destruction of crops and other property are forcing farmers to post land that their fathers did not have to protect in this way.

These putative sportsmen are taking our livelihood and they must stop.

JOHN F. HOWLAND  
Herndon, Va.

### A man we could use

I thoroughly enjoyed your article on Gov. Jim Longley ["The Governor Who Kept His Promises," Oct.]. He sounds like a man we could use in the White House. I, for one, would like to see your magazine endorse Gov. Longley for President.

EUGENE R. PARKER, JR.  
Gene Parker Real Estate  
Ocean City, Md.

### Repeal the exemption

The effect of the McCarran-Ferguson Act is far more than just how insurers advertise or invest ["Outlook: Insurance Antitrust Exemption Threatened," Oct.].

The collision repair industry has been greatly depressed by the improper interpretation of this act by insurance companies. They have coerced, intimidated, and generally run roughshod over the small businessman in the body repair industry. Claimants are forced into using sweetheart shops that offer low-ball prices with almost total disregard to quality.

Automotive Service Councils, Inc., is leading the fight nationally to repeal McCarran-Ferguson. ASC is a professional trade association of independent repair shops, both body and mechanical. Our major concern with McCarran-Ferguson is that the insurance companies do not need an exemption from the

antitrust laws. We feel that they should have to live by the same laws we do.

HUGH T. HILL  
President  
Greer Unit, ASC  
Greer, S. C.

### For cargo preference

Your article, "More Ups Than Downs for Business in the 95th Congress" [Nov.], says that the Chamber of Commerce of the United States opposed the cargo preference bill as inflationary.

I wrote many members of Congress in favor of it, and I don't believe the

National Chamber or any other opponent was logical in opposing it.

The death of the legislation has further emasculated our American merchant marine, cost the taxpayers millions of dollars, and played into the hands of other maritime countries that have their own forms of cargo preference.

The evidence for cargo preference is much too long and detailed to put in one letter.

But all those who fought this bill should be ashamed.

JAMES STEWART  
New York, N. Y.

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## Should Voters Enact Federal Laws Directly?

**T**HE DIRECT ENACTMENT of federal laws by voters is not a new idea, but it has aroused increased interest in recent months.

The passage of Proposition 13 in California and bills in 13 other states to limit taxes or government spending has resulted in a new look at a national initiative. This process would require a constitutional amendment to allow citizens to propose and enact federal legislation by ballot.

When the Constitution was written, the concept of electing representatives to decide taxation and spending matters was relatively new. Drafters of state constitutions generally followed the legislative process pioneered by the federal Constitution. But in the intervening years, 23 states and the District of Columbia have amended their charters to permit legislative initiatives.

Proponents of a national initiative

say it would give Americans direct access to the legislative process. Opponents say they already have such access through Congress.

Rep. James R. Jones (D-Okla.) contends that a national initiative would act as a safety valve when Congress inaccurately interprets the will of the people.

Also, he says, initiative campaigns would inspire truly national debates and would ensure that on certain issues the citizen would know that his individual voice really counted.

Opponents of a national initiative say that it would weaken the tried and proven system of government that has served so well for nearly 200 years.

Advocates argue that the system is beset by pressure groups and lobbyists who have too much impact on the drafting of laws in Washington. Opponents counter that similar lobbying

pressure could be exerted nationwide, leading to frivolous or unsound laws.

Opponents say the average voter is not able to make the measured judgments needed to solve complicated social and economic problems.

Advocates say that communications are all-pervasive today. Voters are much better informed and can make judgments based on a wealth of facts.

Opponents foresee a paralysis of government resulting from a national initiative. Not only would voters be able to set tax and spending limits, but also they could determine the allocation of money among the various agencies.

Nonetheless, say proponents, the voters feel out of touch with Washington, and a national initiative is one way they could make a forceful and meaningful impact on government.

What do you think? Should we have a national initiative? ☐

PLEASE CLIP THIS FORM FOR YOUR REPLY

Wilbur Martin, Editor  
Nation's Business  
1615 H Street N. W.  
Washington, D. C. 20062

Should voters enact federal laws directly?

☐ Yes ☐ No

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## The 96th Congress—Rapturous Optimism

ON THE MORNING after the Nov. 7 elections, editors, pundits, and political analysts viewed the results with remarkable unanimity. Looking at the country as a whole, they saw a significant trend toward conservatism, and they are right. For my own part, I like what I see ahead. Subject to one big if, the 96th Congress promises to be generally constructive.

The big if is this: If the business community does not get overconfident, good things will happen. But if the business leaders who worked so effectively in the 95th Congress start loafing in the 96th, they could be in for some jolting defeats. Conservatism has picked up six or seven votes in the Senate and perhaps 15 to 20 votes in the House, but some of these votes may prove no more solid than ice on summer seas. Defenders of the conservative cause will want to sharpen their swords, not sheathe them.

I have not said anything about Republican gains or Democratic losses, and in terms of congressional politics I will try to avoid that misleading simplification hereafter. Party labels still count for something in the state legislatures. Theirs is the responsibility for drawing the lines of congressional districts, and the rules of that particular game call for partisanship as pure as the ruling party can get away with. In the U. S. Congress, after the *pro forma* elections of opening day, party labels no longer amount to a hill of beans. Party whips apply their feeble lashes to a maverick herd. In any rational analysis, the putative classification of conservative or liberal means more than an actual classification as Republican or Democrat.

THIS WAS TRUE in the 95th Congress. For example, on Feb. 8, against the better judgment of Speaker Thomas P. O'Neill, the Carter administration insisted upon calling up the bill to create an Office of Consumer Representation. This was Ralph Nader's pet, the darling of the liberal community generally. In the 92nd Congress, a similar proposal has sailed through the House by a vote of 344 to 44. In the 93rd Congress, the favorable vote was 293 to 94. In the 94th it passed 208 to 199. But in the 95th, the bill crashed to defeat, 227 to 189. On that vote, 101 Democrats voted not as Democrats but as independent conservatives opposed to a further expansion of the federal bureaucracy.

We witnessed the same indifference to party discipline time after time in the last Congress. In theory the Democratic party is the party of organized labor, and heaven knows that organized labor had contributed heavily to the campaigns of

many victorious Democrats. But the 95th was a kind of Pearl Harbor for the unions. On one issue after another—labor law reform, repeal of the Hatch Act, cargo preference, minimum wage index—Democrats would not stay tied to the Democrat-Labor line.

Subject to the big if, we can reasonably expect these trends to continue in the 96th Congress. The November elections, as I read the tea leaves, show a conservative trend in our future. The omens appear not only in the elections to House and Senate and to governorships and state legislatures but also in the scores of referendums around the country.

The most evident manifestation of the conservative mood is found in public attitudes toward



taxation. On balance, the states spoke decisively on this issue in November. Idaho and Nevada went for tax rollbacks; Arizona, Hawaii, Michigan, and Texas opted for restraints of one kind or another; and Alabama, Illinois, Missouri, and South Dakota reflected public resistance.

Other expressions of public sentiment have received less attention. The people wanted to say something about crime. Oregon reinstated the death penalty and California broadened the list of crimes for which capital punishment may be imposed. Nebraska and Michigan voted to deny bail in certain cases. Oklahoma authorized minimum mandatory sentences for repeat felons. The people turned a cool eye on anything that resembled big government: North Dakota refused to let its legislature set maximum rates for health care; Nebraska rejected higher pay for its legislators; Georgia voted for a new system to recall public officials and refused to extend legislative terms



from two to four years; Indiana voted not to permit even county sheriffs to serve more than two terms.

**S**OME COUNTERCURRENTS are moving, but the flow nationally is unmistakable. Back home in their congressional districts, the people are speaking with great clarity for limited government, law and order, and greater freedom and responsibility within the private sector.

How will these tendencies and attitudes be translated into political action in the 96th Congress? Subject to the big if, a few predictions can be ventured.

The incoming Congress will reject absolutely the grandiose schemes of comprehensive, mandatory national health insurance now advocated by Sen. Edward M. Kennedy (D.-Mass.) and once advocated by President Carter. The administration's original plan for imposing an arbitrary cap on hospital costs will get nowhere; even the watered-down substitute that passed the Senate in the closing hours of the 95th is not likely to find much support. This means, among other things, that private suppliers of health and hospitalization insurance have a high obligation to put these next two years to good use. The same responsibility lies with hospital administrators. Much will depend on their record of performance.

It is highly doubtful that the 96th Congress will buy a package labeled welfare reform. A feeling has been growing on Capitol Hill that in this area it is probably better to bear the ills we have than to court others that are unknown. Other reforms—taxes, elections, governmental reorganization—are likely to fare just as poorly, although a new Department of Education may be created. The package of bills labeled labor reform couldn't survive a Senate cloture battle in the 95th Congress; the same package will have an even more difficult time in the 96th.

**M**Y GUESS is that most other decisions will fall into this pattern of moderate conservatism. There won't be an Office of Consumer Representation. Repeal of Section 14-b of Taft-Hartley, authorizing state right-to-work laws, will not even be attempted. We may see this young and independent Congress flex its muscles through legislative vetoes, sunset laws, and other devices intended to keep the executive agencies in line. In the back of every member's mind, as proposals for new federal spending are brought forward, will be the impact of the federal deficit on a wobbly economy.

None of this is lost on Mr. Carter. The President is a marvelously adaptable man. He shares with Gov. Jerry Brown of California a remarkable skill at getting himself on the side of the angels. Mr. Brown, it will be recalled, spent last May blasting the famed Jarvis-Gann proposal for a tax rollback as a "ripoff and a fraud." But the governor caught vibrations. Just before the referendum on June 6, his opposition seemed much subdued. One month after the proposition had carried overwhelmingly, Jarvis-Gann was becoming better known as Jarvis-Brown.

For the last couple of months, the President has been sounding for all the world like an editorial in the *Arizona Republic*. Mr. Carter has been praising austerity, a word copyrighted by the late Sen. Harry F. Byrd. The President's pledge—it is more an expression of good intentions than a pledge—is to get the deficit for fiscal 1980 down to under \$30 billion. Our leader has come a long way. It was not quite a year ago that he proposed a budget for fiscal 1979 calling for a deficit of \$60.6 billion. In that budget he advanced all kinds of expensive propositions—a special supplemental food program for women and children, a \$644 million expansion of federal aid to education, and broadened coverage of low-income mothers and children through Medicaid. Nowadays, the President's Office of Management and Budget is leaking suggestions that the comprehensive employment and training programs be cut to the bone.

The first law of political leadership is to find out where the people want to go, then hustle yourself around in front of them. Mr. Carter is a natural-born hustler. As soon as he pledges frugality, another word copyrighted by Sen. Byrd, we will have a positive fix on the administration's revised and amended course.

I do not mean to be overly optimistic. The November election returns reflected crosscurrents in action. Colorado, Nebraska, and Oregon refused to put constitutional limits on spending. South Dakota and Montana went in opposite directions on obscenity laws. Michigan voters, conservative in raising the minimum drinking age to 21, were liberal in authorizing collective bargaining for their state troopers. Nor do I mean to imply that organized labor has been reduced to political impotence in the 96th Congress. Not for a moment. The unions may enroll only one of every five workers in the total labor force, but they can still organize a powerful pressure campaign. And if the public opinion polls indicate that business ranks higher than labor in public esteem, business doesn't rank very much higher.

**M**Y THESIS is that the generally conservative business community finds itself, as the 96th Congress convenes, with a superlative opportunity at hand. For a variety of political and economic reasons, summed up in the people's inchoate, half-baked rebellion against big government, this Congress promises to be less liberal and more conservative than the 95th.

The situation could change. If the rate of inflation cannot be contained at six to eight percent, Mr. Carter could yet be driven into the mandatory wage-price controls he sincerely deplores. If a recession gravely increases unemployment, Congress will authorize relief measures, and the deficit be damned. And at the risk of redundancy, if business groups fail to fight as vigorously and effectively against bad bills in the 96th as they fought in the 95th, some bad bills will be passed. But with those caveats, let me close on a note of pure rapture: Looking politically at 1979, the prospects aren't too bad. Not too bad at all. □



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E. D. WHITE

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## THE ECONOMY

### Trucks, Buses, Railroads Face Deregulation Moves

It looks as though 1979 will be a milestone year in the deregulation of surface transportation.

Many of the people involved are on the record as favoring deregulation, and others appear favorably disposed to the subject.

Brock Adams, secretary of transportation, told a meeting of railroad executives: "We are moving toward the deregulation of the trucking industry. And you who manage railroads had better get your management in order. Because you're next."

PHOTO: GEORGE TAYLOR



Transportation Secretary Brock Adams: Truck and rail deregulation is coming.

Sec. Adams says the Carter administration plans to develop legislation during the first quarter of 1979.

Rep. James J. Howard (D.-N. J.), chairman of the House surface transportation subcommittee in the 95th Congress, says he expects hearings on motor carrier "regulatory reform" during the first session of the 96th Congress. He says he does not yet know how much will be done administratively and how much legislatively.

Daniel J. O'Neal, chairman of the Interstate Commerce Commission, is already pushing for deregulation, although he admits that some of the proposals before the ICC may require legislation. But the trend of ICC deci-

sions has been to ease regulations. Recently, by a 5-to-1 vote, the commission reversed a 40-year policy to allow private, nonregulated shippers with their own trucks to engage in regulated hauling on return trips in order to promote energy efficiency. In announcing the decision, effective Jan. 23, the ICC said: "It is not this commission's purpose to provide protection for regulated carriers (rail, water, or motor) when the public's interest in more adequate transportation service could best be served by authorization of a new, competitive service."

On the private side, J. Kevin Murphy, president of Trailways, Inc., calls for total deregulation of the intercity bus industry. "Those of us in the intercity bus industry are like sitting ducks," he says, "just waiting to be shot down by subsidized and unregulated competitors."

### Federal Ban Proposed for Guideline Violators

If you do business with the federal government and don't meet the administration's wage-price guidelines, it won't remain a secret—President Carter plans to put you on a blacklist.

Under rules proposed by the Office of Federal Procurement Policy, the government will buy goods and services only from firms that comply with the wage-price standards.

The Council on Wage and Price Stability will publish from time to time a list of companies that it determines are not complying.

The federal procurement office will circulate the list of violators to all government agencies that do business with the private sector.

Businesses that do not comply with the wage-price guidelines but are already performing under federal contract would be allowed to continue the work but would be ineligible for any more awards until they were removed from the council's noncompliance list.

How long might the rules remain in effect if they are adopted? "Until another signal is called," says a source in the Office of Management and Budget, "and that could be indefinitely."

## CORPORATIONS

### New Bankruptcy Law Sets Trustee Rule

Corporate bankruptcy procedures will move faster because a new law clearly defines when a trustee should be named.

Previously, a company often spent a great deal of time trying to retain its own management to restructure the firm's finances rather than have a third party come in.

Under the new law, a trustee will be appointed only for cause such as gross mismanagement, fraud, or incompetence.

The new law combines two existing chapters of the old bankruptcy law. Before, a company would make a bid for the type of procedure that would allow its own management to do the restructuring. If a court rejected this bid, a trustee would be brought in. Now, it will be clear from the start whether a trustee will handle the financial restructuring.

### Revival of Illinois Brick Predicted in New Congress

What business considered a big win in the 95th Congress may be only a temporary reprieve.

Legislation which came to be known as the Illinois Brick bill was defeated after an intense congressional tug of war. However, it is expected that similar legislation will be introduced soon by Sen. Edward M. Kennedy (D.-Mass.) and by Rep. Peter W. Rodino (D.-N. J.).

The legislation is designed to overturn the 1977 Supreme Court ruling that simplified antitrust cases by limiting damage suits to people who buy directly from an alleged violator. The bill would permit suits by everybody in the distribution chain—including consumers at the end of the line.

### FTC Wins Bitter Battle for Business Information

Business has lost the last round with the Federal Trade Commission on whether the agency can collect line-of-



business information because a petition by companies opposing the regulation was denied by the U.S. Supreme Court. Gerald P. Norton, FTC deputy general counsel, says the companies have exhausted their appeals and must file the reports immediately.

This ends four years of litigation and means that diversified companies will bear the cost of reporting the information. And there still is great concern over whether trade secrets contained in the reports will be kept confidential.

But the FTC says it is taking elaborate steps to allay the fears of businessmen. Statistical reports from the agency will be in the aggregate, and those preparing the reports will not know individual company names.

## AGRIBUSINESS

### USDA Sees Solid Future for Small Grocery Stores

The future of the small, neighborhood, independently owned grocery store is good, says the Department of Agriculture.

One caveat: To survive, says USDA economist Robert E. Frye, the corner grocery store will probably have to affiliate with a large wholesaler or grocery association.

Large chains have many advantages: high volume, discount buying; manufacture of some of their own products; and shared accounting and advertising costs.

But, says Mr. Frye, "large chains are bigger targets for labor unions and public pressures regarding prices, profits, and other issues."

He says that independent retailers in recent years actually had slightly higher profits than larger firms. By banding together at the wholesale level, independent grocers can gain many of the volume advantages of the large chains.

### Slump in Farm Production to End in 1979

Early estimates from agricultural economists show the U.S. pulling out of its agricultural production slump in 1979. Crop and meat outputs are expected to increase by at least one percent over the 1978 yield.

For the past two years, production has been down, according to Department of Agriculture statistics. In 1978, production was one percent lower than

in 1977, which was one percent lower than in 1976.

This year, feed grains (corn, sorghum, oats, and barley), rice, and soybeans will post the largest production increases. Rice and soybean tonnage will be up about five percent and total feed grains, four percent.

Poultry slaughter will also be seven percent higher. However, wheat supplies will decline, as will livestock slaughter.



Farm products: Feed grain supplies to increase, wheat to decline.

## INTERNATIONAL BUSINESS

### Free Trade Zones Sought for Banks

Although the Federal Reserve Board is cool to the idea, New York bankers continue to push for authority to set up an international banking free trade zone in their state. Bankers in other states are interested, too.

The New York state legislature passed a law that would permit U.S. and foreign banks to do business in a zone and would exempt them from state and local taxes. Facilities in the zone could conduct deposit and loan transactions with nonresidents of the U.S.—similar to the dealings of a U.S. bank's overseas branch. But Federal Reserve approval—and possibly legislation if the Fed asks for it—is required.

Federal restrictions and regulations have caused U.S. banks to move their

international activities offshore, notes David Rockefeller, chairman of the Chase Manhattan Bank.

"These rules have also contributed over the past two decades to a steady decline in the share of international banking business in the U.S.," he says.

### Farm Exports Expected to Rise by Six Percent

The United States should enjoy at least a six percent increase in agricultural exports this year, despite slowed economic conditions.

Total sales should climb to about \$29 billion, up from \$27.3 billion in 1978, and could go as high as \$32 billion, experts believe.

The projections, made by the Department of Agriculture, show that most countries importing more than \$1 billion in farm goods last year will increase their purchases by small margins.

Other importers, such as the People's Republic of China, have indicated they will increase their purchases. China will boost its imports, primarily wheat and feed grains, from \$365 million to just over \$800 million this year.

At least six countries now import more than \$1 billion in farm goods including: Japan with \$4.16 billion; the Netherlands with \$2.15 billion; Russia, \$1.8 billion; Canada, \$1.56 billion; West Germany, \$1.46 billion; and the Republic of Korea, \$1 billion.

Exports of cotton, tobacco, livestock, and poultry will be higher than last year's, while sales of wheat, feed grains, and dairy products will remain about the same as in 1978.

The dollar boost in U.S. exports, says a USDA spokesman, will result from higher prices, not greater volume.

## SMALL BUSINESS

### SBA Seeks Definition of Small Business

When does a small business stop being one? The Small Business Administration is trying to pin that question down.

SBA is now devising a system for federal agencies to collect data on small businesses so it can develop a new definition of what constitutes small enterprise. But the new size standards will have no effect on current SBA loan programs.

Rather, they will be used by the



agency to determine what effect federal policy is having on small business.

In the process of developing new size standards, SBA has been polling business associations, research institutions, academia, and government officials for their opinions.

"Most likely," says Robert Berney, SBA's chief economist, "employment size will be the key to what constitutes a small business, not gross receipts or annual sales."

Mr. Berney says the government is now data deficient and more information is needed to understand the impact that federal legislation—such as the new tax policy or regulation programs—is having on the small business man or woman.

Currently, there are three government agencies—the Internal Revenue Service, Federal Trade Commission, and Bureau of the Census—that collect information on the number and size of small businesses.



Sen. William Proxmire (D.-Wis.): He'll try to kill the Small Business Administration.

## Bill to Abolish SBA Will Be Introduced

Once there was talk of creating a Department of Small Business, but now there is talk of doing away with the SBA altogether.

Among the bills to be introduced in the new Congress is one by Sen. William Proxmire (D.-Wis.) to abolish the Small Business Administration.

Sen. Proxmire's announcement, following reports of abuse in SBA's minority loan programs, charged that the 26-year-old agency has outlived its usefulness.

"The Small Business Administration," he says, "has a history of political favoritism, bad judgment, and biased decisions. It has been a repository of patronage and scandals. It has helped only a minute number of small businesses."

Officials at SBA acknowledge the agency has serious problems. "When those problems include substantial amounts of taxpayers' money, then the mention of a bill like this is of serious concern," says an SBA spokesman.

"But I don't think the good SBA does can be outweighed by the abuses of only a few."

The agency is being audited to determine how much of \$137 million loaned to minority businesses around the country has been paid back. Early reports reveal that \$26 million is still outstanding.

SBA Administrator A. Vernon Weaver has said if the agency's problems cannot be cleaned up, the agency should be abolished.

## BUSINESS TRENDS

### Lodging Occupancy Rate to Drop Slightly in 1979

Lodging industry analysts project a mild reduction in occupancy levels for 1979 compared with last year, but the long-term outlook is bright. Occupancy levels were 65.5 percent in 1977, 69.7 percent in 1978, and will run about 68 or 69 percent in 1979.

"About 70 percent of the trade comes from people traveling on business, and that is likely to continue full strength," says the American Hotel and Motel Association.

According to Laventhol & Horwath, an accounting firm that follows trends in the lodging industry, in the next 20 years nearly 1.4 million rooms, about 60 percent of current capacity, will be replaced, either by new construction or complete renovation.

### Lenders Slow Investment in Multifamily Housing

Lenders are no longer willing to foot the bill for building multifamily housing, making it unlikely that the nation's needs for this type of dwelling

will be met, according to a study released by the Joint Economic Committee of Congress. The study concludes that financing problems, coupled with escalating construction costs, make it unlikely that enough multifamily housing can be constructed by 1980.

Financing this type of housing is no longer considered a desirable venture by major lenders, who are actively competing for shopping center properties, the study says.

As an indication of the lenders' preference, the study cites the fact that lenders are making loans for shopping centers at 7.5 percent interest but are charging ten percent interest for multifamily housing construction.

## PERSONAL BUSINESS

### Confused About Taxes? So Is Your Accountant

If you are unsure what business expenses are deductible under the new tax guidelines, you aren't alone—and neither is your accountant.

Under the language of the bill passed last fall, there are lots of things you're not supposed to write off anymore. These include yachts, hunting lodges, fishing camps, swimming pools, tennis courts, and a host of other formerly accepted business deductions.

But, the experts say, you can still take a client for a day's activities at a hunting lodge and write it off as an allowable business expense. Just don't try to put him up for the night at the lodge. On the other hand, it's fine to check into the lodge yourself and hold all the business meetings you like. Your room can then be written off, but nobody else's.

A word of caution: The law won't be completely clear until the Treasury Department issues regulations and the Internal Revenue Service starts enforcing them. Until then, it's best to take the most conservative approach.

### Financial Consumers Favor Total Solution

The trend in personal financial planning emphasizes the individual adviser's reputation and a total solution.

In a survey of financial decision-making in 6,000 American households, Stanford Research Institute found that today's financial consumer, perplexed by inflation and changing tax laws, prefers a total systems solution rather than segmented solutions. The survey



# With all you've got to do, why worry about routine housekeeping chores?

As a professional in any business burdened with responsibilities, you're probably devoting more time than necessary to make sure that routine housekeeping is up to standards.



That's a worry you can dismiss when you put your Amway distributor on your team. He or she knows how important a part housekeeping plays in your success. That's why you can depend on your Amway distributor to be there when you want, bring-

ing both the products and the knowledge to get the job done economically and efficiently.

Out of more than 150 products your Amway distributor offers, you can put together the combination that's just right for you. He or she will show your staff how to get the most out of every Amway product and back the quality of each one with a 100% guarantee of satisfaction.

When your Amway distributor calls, get the whole story. Find out the many ways he or she can help you. If you need a distributor now, except in Hawaii and Alaska, dial 800-253-7501, (Michigan businesses dial 800-632-9623) toll free. We'll put you in touch with an Amway distributor near you. You'll find that having an Amway distributor on your team means that you'll never worry about housekeeping chores again. Amway Corporation, Ada, MI 49355. Amway of Canada, Ltd. London, Ontario, N6A 4S5, Canada.



Get the whole story.





also discovered that financial consumers in the future will care more about the reputation of their individual financial adviser and less about the reputation of his firm.

In the past decade, personal financial planning has begun to gain widespread acceptance as a direct response to consumer demand for coordinated financial service. Since 1974, for instance, membership in the International Association of Financial Planners has increased from 1,000 to 5,100. They represent all areas of financial counseling, from securities and insurance to investments such as gold and oriental rugs.



Customs: Travelers returning home now get increase in duty-free allowances.

## Limits Increased on Duty-Free Goods

For travelers contemplating winter cruises or spring flights overseas, new, more liberal customs regulations may add a bonus.

Reflecting the facts of inflation, the amount of duty-free goods you can bring back from most countries has been raised from \$100 to \$300 a person. Travelers returning from a U. S. insular possession, like the Virgin Islands, receive an increase from \$200 to \$600. Articles may now be mailed from U. S. possessions but not from foreign countries.

## Trend Toward Repairs May Skew Economic Forecasts

Economists who simply argue that more capital must be invested in plants and equipment to have a

healthy, growing economy shouldn't ignore another type of investment, says Richard N. Farmer, a University of Indiana economist.

"Investment is being made," he said, "but in a way that's difficult to measure." He concludes that durable goods are lasting longer and that investment is being made in repairs to existing equipment rather than in replacements.

"Facing huge repair bills," he says, "Americans can and do figure out how to fix things. And if the do-it-yourselfer can invest in a few tools and make things last even longer, conventional investment will suffer still more."

One of the examples Mr. Farmer gives is record sales of used car components such as transmissions, engines, and rear ends because "one can recycle a 1967 Thunderbird or Olds 98 for much less than the price of a new car."

As a result of such economies, he says, "planners and bureaucrats trying to shape the economy may have even less of an idea of what is going on than they do now."

## LABOR

### Teachers' Association Is Ruled a Labor Union

There is no name change involved, but the 1.8 million-member National Education Association is now a labor union in the eyes of the Internal Revenue Service, making it the second largest union after the Teamsters.

"One of the significant meanings of the ruling is that it will enable the public to judge the political and public policy actions of the NEA in their true light—as actions of a labor organization rather than an educational group," says the Chamber of Commerce of the U. S.

"The NEA is a potent political lobby. In 1976, the NEA's political action committee and state PACs funnelled an estimated \$3 million into federal, state, and local elections," the business federation points out.

An NEA spokesman says the IRS ruling "does not change the amount of tax we pay, has no direct effect on our affiliates, and does not change what we did, what we do, or what we may do."

The NEA initially was formed to deal mainly with professional aspects of education, such as teaching methods, professional development of teachers, and upgrading schools. In the early 1960s, the organization began

representing its members more on a union basis. The NEA spokesman says the organization still maintains its professional responsibilities.

## GOVERNMENT

### New Procurement Policy Expected to Fall Short

The Office of Management and Budget plans to issue new guidelines early this year that will set the policy the federal government will follow in procuring goods and services.

OMB Circular A-76 outlines how and when the government should contract out a function to private enterprise instead of keeping it in-house.

The new circular will oversee spending involving more than one seventh of the federal government's annual budget. It also affects the size of the federal work force.

Members of the business community have expressed concern that the new circular will perpetuate the policy now in effect that encourages keeping work in-house.

The General Accounting Office, in a recent study, said it was "particularly concerned that, without a firm national policy, the future for this program will be a repetition of the past: confusion, controversy, and ineffective implementation."

### Rent Control Opposed

With almost everyone looking for ways to cut expenses, the National Rental Housing Council is concerned the public will embrace rent control as a way to hold down the rising cost of living. Rent control now exists in California, Connecticut, New Jersey, New York, Massachusetts, and the District of Columbia—and is being considered in 16 other states.

Richard L. Fore, NRHC president, says: "Under rent control, everybody suffers. It hits the landlords, the investors, and especially the tenants, the very people it is supposed to help."

According to Mr. Fore, these are the economic facts of life: "Rent control dries up the money market by increasing the risk to investors. With increased risk, lenders will not write apartment mortgages. If you can't get mortgage money, you can't build new housing. With rent control, you can't provide adequate maintenance to protect investments in existing housing." □





# I'll guide you step by step into your own thriving business

● While keeping your present job, would you like to gross \$14 or \$21 profit per hour?

a true story by Bob Ferrel

many things we could not afford before. My efforts were so much more productive. I scheduled my time to my own liking. When we wanted a day or two off, we took it. I worked hard but, if I wanted to be home early or quit at noon, I did.

This is not a business for a lazy man. But if a man is ambitious and will work to deserve those nice things in life we all want, this business is made to order for such a man.

I became so enthusiastic about this business and so appreciative of what it had brought my family that, whenever a man opened a dealership near me, I helped him get a quick start.

The company learned about this and had each new dealer in my section of Michigan spend a day with me. One day the president of Duraclean Company asked me how I would like to move to Headquarters and spend my entire time helping dealers to increase their sales and profits.

That was good news to my ears. Since then I have worked with hundreds of our dealers in their own towns and at regional meetings, conventions and dealer group meetings. But much of the time I am right here at my desk in touch with our dealers by letter and telephone.

Incidentally I sold my dealership at a good profit. Dealers sell their Duraclean businesses for up to ten times their cost. After 30 months, Leo Lubel sold for \$7,116 above his cost. If for any reason a dealer wants to sell, we maintain a service to locate buyers and help him sell.

Our job here at headquarters is to show each individual Duraclean dealer how to use his own abilities to bring him greatest success. I know hundreds of our dealers on a first name basis. We work together as one happy family. If you become a Duraclean dealer, I'll be as close to you as your telephone or mail box.

## It's Easier than You Think To Build Your Own Business

If you've wanted to BE YOUR OWN BOSS... to become financially independent and have a fast growing income, now YOU CAN. And you own a Nationally Advertised business.

You can stay at your present job while your customer list grows... then switch to full time, lining up jobs for your servicemen to do. One job a day brings a good starting income.

If you hire two servicemen (full or part time) while you keep your job, the national price guide provides you a gross profit of \$14 an hour on their work and this is much easier to do than you think. We show you how... step by step. That's \$490 for a 35 hour week.

Your gross profit on three servicemen is \$21 per hour. Duraclean dealers find it easy to gross \$7 per hour on EACH serviceman plus \$12 an hour on any service they themselves render. The 24 page illustrated booklet we'll mail you (with no obligation) explains how most of your gross profit becomes clear net profit. Your income is limited only by the number of servicemen you employ.

You can operate from a shop, office, or your home. Equipment is light and portable.

At the start, you may want to render service yourself... or you can start with full or part time servicemen. This business is easy to learn... easy to start... so easy to service that women dealers do it. We prefer you have no experience... not have to "unlearn" old ways.

We are NOW enlarging this worldwide system of individually-owned service businesses. If you are reliable, honest and willing to work to become financially independent, we invite you to mail the coupon.

When you receive our illustrated booklet, you will see the way we show you step by step how to quickly get customers... and still more customers from their recommendations.

You have 7 superior services that are rendered "on location" in homes, offices, hotels, theaters, clubs, motels and institutions.

These are not ordinary services. You have

the prestige and endorsement of leading furniture makers and carpet mills, of Parents' Magazine and McCall's, of Research and Testing Laboratories.

National magazine advertising explains superior merits of your services, builds your customer confidence and brings job leads to you.

We and a Duraclean dealer will train you and assist you. He'll reveal his successful, proven methods. You have pre-tested newspaper and yellow-page ads, commercials, and a full mailing program.

Stores, upholsterers, insurance adjusters, and decorators refer jobs to our dealers. These year 'round services are in constant demand.

## Start Small, Grow Big in this Booming Business

Many men have said to us, "I can't afford to give up my job till I know I have a sure thing... a sound business that will provide both security and a better living for my family."

That made sense to us so we worked out such a plan... and those same men are now enjoying a Duraclean dealership in many communities. You don't experiment. You use tested, proven methods. You have our backing and "know how."

Does this appeal to you? Don't decide now. Mail the coupon so you'll have the facts to decide wisely. There is no obligation. You'll then know whether this is what you want.

You can start small and grow big. A third century ago Duraclean was an idea... but it caught fire and spread to a world wide service. Why did it spread? (1) superior processes, (2) proven customer-getting methods (3) Day to day guidance from Headquarters.

Our first service, the care of upholstery and carpets not only cleans, it enlivens the fibers... revives dull colors. Pile rises with new life. There's no harsh machine scrubbing. No soaking. Mild aerated foam lightly applied lifts out dirt, grease, many unsightly spots like magic. Furnishings are used again in a few hours.

Government figures show service businesses are growing faster than industries and stores... \$750 million yearly potential just in rug and furniture cleaning. Your 6 other services are explained in the free booklet we'll mail you.

Only \$1985 starts you in YOUR OWN business. And we have enough confidence in your success that we finance the balance of the total cost of \$5900, with no interest or finance charges.

We furnish electric equipment and, with first shipment, enough materials to return your TOTAL investment. If you have good habits and know the importance of customer satisfaction, you can likely qualify for a Duraclean dealership.

TODAY is the time to reserve a Duraclean dealership, before someone takes your location.

It's been said, "Opportunity knocks but once at every man's door." This could be that one rare opportunity in your life.

It is surprisingly easy to learn this business. You can decide from the information we will send you whether to apply for a dealership. So, with no obligation whatever, mail the coupon TODAY. Cut it out NOW so you won't forget to mail it.

## Mail this coupon TODAY It may put you in business

**Duraclean International**  
9-241 Duraclean Bldg., Deerfield, Ill. 60015

With no obligation, mail 24 page illustrated booklet telling how and why I can quickly increase my income and family security while still employed, how you'll help finance me. No salesman will call on me.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State & Zip \_\_\_\_\_  
Telephone (area code) \_\_\_\_\_

SOME YEARS AGO I was a printer in a small Michigan town. I drew a pretty fair pay check but it wouldn't stretch far enough to provide the kind of living I wanted for my wife and five children.

Then one day I was reading a magazine just as you now are and I saw an ad. It intrigued me. It offered me the steadily growing income I had always hoped for. It said I would have greater security and personal independence... and that's what I had been wanting.

I was a little skeptical, but I said to myself, "for a postage stamp I can find out." So I mailed the coupon. In a few days, I got a letter with a booklet that gave the whole story. It opened my eyes. I could see why owning my own business was so much easier than I had always thought... why the day to day guidance of a successful worldwide organization could assure my own success.

I read the booklet several times. It just seemed too good to be true. I talked it over with my wife. We decided that now was the time to make the forward step... there was no reason to keep postponing an income increase.

So, I applied for a Duraclean dealership and I was accepted. I stayed with my job... ran a few ads... sent some mailings... contacted a few stores and told my friends about the superior services I was now equipped to give them. Evenings and Saturdays, I rendered the service. As the business grew, I added servicemen.

I found that I didn't have to develop a single idea myself. Every step had been prepared for me and pre-tested. Hundreds of other men had already proven my methods successful.

It didn't take long to see that I was making three to four times (yes, 3 to 4 times) as much per hour in my own business as in my printing job. So, after only seven months with a good following of customers, I quit my job to go full time on my own. In the meantime, I had enjoyed all this extra income on top of my salary.

Each day, we realized what a serious mistake not mailing that coupon would have been... and how that little act that seemed so trivial at the time actually changed our lives.

The steadily growing income brought us



President Carter got off to a shaky start with Congress, but his relations with the lawmakers have been improving in recent months. He is shown addressing a joint session of Congress.

PHOTOS: DENNIS BRACE—BLACK STAR



The informality of a town meeting, such as this one in Yazoo City, Miss., gives Mr. Carter an opportunity to roll up his sleeves and discuss timely issues with the voters.



Mr. Carter, who was raised on a farm and later ran the family peanut business, talks over drought problems with California farmers on one of his swings through the West.



# Carter's Crossroads: Questions at Every Corner

Will inflation overtake the economy? Will the runaway trade balance improve?  
Will government spending slow down? Will the voters turn to conservatism?

By Vernon Louviere

**A**NYBODY who says that the inflation rate is in good shape ought to talk to the housewives . . . inflation is robbing us."

At the time he spoke these words in the presidential debates of 1976, Jimmy Carter was pointing an accusing finger at his Republican predecessors in the White House. Now, the accusing finger is pointed at him.

At the halfway point in his first term, President Carter admits that inflation is his most nagging problem. He is also astute enough to recognize that, left unsolved, inflation could end his White House career in another two years.

Inflation and other economic woes such as the instability of the American dollar abroad, soaring interest rates, rising trade deficits, increasing dependence on foreign oil, and slackening national economic growth are overshadowing the President's accomplishments so far.

## "Overly cautious"

Any assessment of President Carter's first two years in office must focus on how well or poorly he gets along with Congress. By any analysis, including his own, the first year was hardly a draw. Only in recent months has he mastered to some degree the use of presidential power, prestige, and authority. That mastery has led to some legislative successes in the Democratic Senate and House.

Mr. Carter observes frankly: "My first year in office, maybe year and a half, I think I was overly cautious, timid, about exerting the innate authority and influence of the President. In the last few months, I have been more at ease with that authority and have used

it more forcefully; it has proven to be more effective."

In foreign policy, President Carter can point to a notable achievement—bringing the Israeli and Egyptian leaders to Camp David to hammer out the framework for a Middle East peace agreement. Whether this will be an enduring accomplishment is yet to be determined. In any case, most Americans were impressed with the President's personal diplomatic coup, and public opinion polls quickly reflected an increase in Mr. Carter's popularity.

The President also convinced the Senate to approve the Panama Canal treaties, although a substantial segment of the American public questioned his wisdom and even raised the question of presidential timidity.

Mr. Carter has laid the groundwork for signing a new SALT agreement with the Soviet Union, but the President could lose this foreign policy initiative because of growing opposition in the Senate.

Even after 24 months in office, during which the President has made himself extremely visible, Jimmy Carter remains somewhat of an enigma. Is he a liberal, a conservative, a middle-of-the-roader, a populist? At one time or another he is all of these.

In a moment of pique, AFL-CIO President George Meany called Mr. Carter the most conservative president since Calvin Coolidge. Businessmen haven't entirely figured him out. Some of his actions suggest Mr. Carter is strongly behind business, yet other actions leave nothing but doubt.

Jimmy Carter, former governor of Georgia, peanut farmer and U. S. Naval Academy graduate, became the 39th president by exploiting the per-

ceived disenchantment of the electorate with the way the national government was run. He made campaign promises he has not been able to keep.

Despite his well-intentioned plans to clean out the Washington bureaucracy, Mr. Carter has acknowledged that it is powerful and practically impervious to presidential assault. To his credit, he pledged to reorganize the executive branch of government, and he is sticking to that pledge.

Jimmy Carter has bumbled, but rank-and-file Americans continue to give him high marks for trying his best to do a good job. They also believe he is providing moral leadership, and they praise him for having an open administration.

The public conception of the President is less generous in other areas, however. Recent polls score his handling of the economy, his efforts to control inflation, his relations with Congress, and his approach to solving our energy problems.

## Domestic affairs

A generally unflattering appraisal of the President's track record comes from a group of business executives polled by the Chamber of Commerce of the United States and the Gallup Organization. They were asked how they would evaluate the overall effect of certain government officials and their policies concerning the U. S. business community.

On domestic affairs, only one percent rated President Carter's performance good. Twenty-four percent rated him only fair, and the remainder considered his performance poor. He did better with foreign affairs, receiv-



ing a good rating from 16 percent of the respondents. Fifty-six percent rated him only fair, and 28 percent scored him poor.

Only Congress fared worse than Mr. Carter in the business poll. Less than half of one percent of the businessmen considered Congress's performance good. Thirty-nine percent gave Congress a fair appraisal, and 59 percent accorded Congress a poor grade.

#### Best record

Interestingly, local officials, pitted against the President, Congress, the regulatory agencies, the courts and state officials, emerged with the best performance record—23 percent approval in the good category.

As he embarks on the second half of his first term, President Carter has put the word out that he means business about tightening government spending. He has told the American people—unequivocally—that he will reduce the fiscal 1979 deficit to below \$30 billion. That would be less than half of the \$60 billion deficit built into the fiscal 1980 budget and subsequently reduced by Congress to \$39 billion.

This means that not only will new programs fall by the wayside but also that existing programs will face severe retrenchment. While final decisions have not been made, cabinet officials have been ordered to slash about \$15 billion out of programs such as social security disability insurance, public service jobs, Medicare, Medicaid, and water and sewer programs of the Environmental Protection Agency.

#### Defense spending

In contrast, Mr. Carter is thinking about increasing, rather than trimming, the huge defense budget, which accounts for about one quarter of all federal spending. Indications are that the President will seek about \$123.8 billion for the new fiscal year. Discounting inflation, this would be a real increase of about three percent above the \$112 billion now being spent. Any increase, however, depends on domestic economic conditions at the time the President submits his budget.

A Carter decision to boost defense spending—during the campaign, he promised to trim \$5 billion or so—will endear him to those who believe in a strong military establishment, but alienate those who would rather see more money switched to social programs. Such a decision would also allay some of the concern raised in the Pentagon after Mr. Carter turned



In happier days AFL-CIO President George Meany poses with President Carter at a big labor gathering. The crusty union chief has grown increasingly critical of the President, and referred to him recently as the most conservative chief executive since Calvin Coolidge.

down the B-1 bomber and a new billion-dollar, nuclear-powered aircraft carrier.

By maintaining a strong defense posture and holding the line on social spending, Mr. Carter will avoid the guns-and-butter trap into which the late President Lyndon Johnson ventured when he tried to finance the Vietnam war and the Great Society.

The President and his White House advisers see the mood of the country—as demonstrated in the November elections—leaning toward conservatism in government spending. The President's

own growing conservatism was pinpointed when he made it clear he would not support a massive national health program as long as the economy is uncertain.

The November election results will almost certainly influence the political side of Jimmy Carter who, even before the balloting, had seen considerable erosion of political support from the two major blocs that tilted the 1976 presidential election in his favor—blacks and organized labor.

Three states which he barely carried two years ago—Pennsylvania, Ohio,





A moment of high glory for President Carter came when he and Egyptian President Anwar el-Sadat and Israeli Premier Menachem Begin announced to the world that Egypt and Israel were prepared to negotiate a peace agreement. This was a significant foreign policy victory for Mr. Carter.



President Carter and First Lady Rosalynn Carter enjoy a quiet conversation at the White House. Mrs. Carter takes an active interest in presidential affairs and accompanies her husband on almost all his travels around the country and abroad. The Carters grew up together in Plains, Ga.

and Texas—have just elected Republican governors, Texas for the first time in history.

Those three states have 78 electoral votes, and 270 are needed to win the presidency. Mr. Carter can find little comfort either in the western states where he did not do well in 1976. The resounding reelection of California's Democratic Gov. Jerry Brown, regarded as a possible contender in 1980, also battered Mr. Carter's political hopes for the future.

### One of the people

After two years in office, most modern presidents have set a tone and a flavor to which the public could easily relate. Not James Earl Carter, Jr. There is no New Deal or Great Society or New Frontier. There is no glitter or sparkle to his administration. But this lack is in keeping with the image Mr. Carter wants to project—a president who is one of the people. No high living. No pretense.

President Carter does not have the charisma of a Franklin Roosevelt or the decisiveness of a Harry Truman, two presidents for whom he has great admiration.

House Majority Leader Jim Wright (D.-Texas), who has a good working relationship with the President, says of Mr. Carter:

"He is not given to the grandiose gesture, the dramatic moves. He seems to go on the theory that small is better. He is not given to the stirring quotable quote. In fact, Jimmy Carter is fairly pedestrian in a way, although he is an articulate person."

Assessing the President's performance, Mr. Wright says he has shone in the international affairs arena but stumbled occasionally in his conduct of domestic affairs.

### Lots of headaches

"He has demonstrated an ability to divorce domestic policies from what he perceives to be good for the country and for our international relations. He has taken some extremely hard positions that any oddsmaker would have taken bets against—the Panama Canal treaties, armament sales to the Arabs, and the Turkish arms embargo—and won."

Domestically, says Rep. Wright, the President has made mistakes that could have been avoided.

"He could have saved himself a lot of headaches if he had consulted in advance with the leaders of Congress and the people responsible for programs he



## "Jimmy Carter Is Soft on Inflation"

"So far, the Carter presidency has been a very expensive period of on-the-job training," says William E. Brock, the Republican National Committee chairman.

"The President left a lot of campaign promises littered around the floor the past couple of years," Mr. Brock says. "And that's not all bad considering that some of his campaign promises shouldn't be kept at all."

Mr. Brock criticizes the piecemeal handling of problems, saying Mr. Carter ignores the fact that inflation, government spending, taxation, defense policy, and foreign affairs all interrelate.

"In the economic area, I think the President is going to be forced to get along more with Congress. He is being forced to greater restraint. Given the public mood over the past several months and the commitments made in the last campaign by those who were reelected, it's hard to believe

Congress will continue its wasteful habits. The prospect is for a more responsible Congress and greater cooperation between the President and Congress."

What about a second term for Mr. Carter? "We're assuming that he will run. His vulnerability will be on a whole range of economic questions, such as his inability to deal with the surge in government spending and its inflationary impact."

Mr. Brock says he believes the President sincerely wants to avoid mandatory wage and price controls as a means of curbing inflation. At the same time, he says, Mr. Carter has failed to deal with the real cause of inflation—the fiscal and monetary policies of the present government.

"If in 1980 the economy is weak because of inflation and recession, then Mr. Carter might feel compelled to impose controls simply for his own political survival. And that would be a disaster."

## "Jimmy Carter Is Good for Business"

"If it weren't for inflation, the President's first two years would be spectacular," contends John C. White, the Democratic National Committee chairman.

"Even with inflation, this has been an exceedingly good period for the American economy. With our inflation program now in effect, we will have to grade out at A-plus. The evidence bears that out."

Mr. White says this evidence includes the drop in unemployment, a rejuvenated housing industry, and signs that the American dollar is strengthening abroad.

Also, he notes, the rate of bankruptcies is lower than it has been in several years, investments in small business have picked up about 12 percent, and personal income after taxes has been gaining.

Asked if the business community's attitude toward President Carter has improved, Mr. White replies: "I think so."

"Any time a Democrat moves into

the White House, business takes on a wary attitude. Of course, all presidents have to prove themselves to the American people. The common word being said about Mr. Carter now is that he is in fact the President.

"If nothing else, businessmen should be applauding him for the way he is attacking budget deficits. Everybody says this is the root cause of the lack of business confidence in the President. Well, Mr. Carter has attacked these deficits with a vengeance."

Mr. White says Mr. Carter will prove once again that Democratic presidents wind up being very good for business. He adds: "Businessmen always do better under us Democrats. I don't know why they are so wary. I guess it's because we don't use all those buzz words like the Republicans do."

"Businessmen go broke under the Republicans, and we make them rich. Still, they vote Republican. I've never quite understood that."

was trying to get through Congress. He could have gotten a better feel for what would sell."

As examples, Rep. Wright points to the Carter energy program, which took 18 months to get through Congress, and his indecisiveness over water projects close to the hearts of most senators and representatives.

"In dealing with Congress he doesn't twist arms or promise favors," Rep. Wright says. "He just leaves it up to us to deliver the votes for him. Some of his cabinet have been downright disdainful of congressional advice, and that has cost him some support."

### Moral equivalent of war

If inflation is the President's albatross, he finds solace in the fact that unemployment has dropped significantly during his administration. He has publicly expressed pride in the energy program, although it bears little resemblance to the one he proposed. The moral equivalent of war Mr. Carter proclaimed to encourage Americans to conserve energy wound up as hardly a skirmish. But the President is credited with exceptional adroitness in winning congressional support for his civil service reform program.

During his campaign, Jimmy Carter called the tax code a disgrace to the human race, but his efforts at true tax reform have met with little success. He also lost a major fight to contain hospital costs, and he was on the losing side on two emotional issues—labor law reform and the proposed creation of a federal consumer protection agency. Congress rejected both. The President also failed to get a welfare reform bill through Congress.

### Sense of momentum

But these wins and losses may be attributed to politics and circumstances. In the view of Richard Scammon, one of the country's foremost political analysts, it is inflation more than anything else that will determine Jimmy Carter's political future.

"Even more important is the public conception of how Mr. Carter has dealt with inflation," Mr. Scammon says.

Recalling that President Roosevelt was reelected in 1936 despite unemployment still running in the millions, Mr. Scammon notes:

"The people had a sense of momentum, a sense of moving forward, a sense of improvement. If Mr. Carter can get that same feeling going for him, he may well be reelected in 1980, even if inflation is bad." □



# How to Achieve Total Financial Freedom

**A MUTUAL CONCERN.** We've never met and probably never will, but I think we share a common interest. That interest is in achieving complete and total financial freedom.

Recently my net worth reached the magic million dollar mark, and it only took me 48 months to achieve that.

That might not impress you, but if you had seen me just a few years ago, you might wonder how I did it. I lived in Denver then, in a cramped, tumbled down house at 2545 South High Street. My wife was expecting our second child and we were so broke we had to borrow \$150.00 from a relative just to buy food and pay the rent.

By the way, I know I didn't make a million dollars because of my superior intellect — I barely got through Ames High School (Ames, Iowa) with a C average. I did a little better later on but I soon realized that a salaried job was not the way to become financially free. If you'll stop and think, you'll realize that millionaires do not work 10, 20, or 50 times harder or longer than you.

**FINANCIAL FREEDOM.** It seems that most people who are charging for financial advice have studied how to "do it" but have never actually "done it" themselves. You will find as you read my formulas, that since I have actually achieved total financial freedom myself, that you will receive from me more than just the motivation to achieve your own financial independence, but a workable step-by-step plan to actually do it.

**STEP-BY-STEP.** Contained in the work entitled *How To Wake Up The Financial Genius Inside You* are the various formulas which will show you exactly how you can do each of the following:

- buy income properties for as little as \$100 down.
- begin without any cash.
- put \$10,000 cash and more in your pocket each time you buy (without selling property.)
- compounds your assets at 100% yearly.
- legally avoid paying federal or state income taxes.
- buy bargains at one-half the market value.

**MORE LEISURE.** If you apply these formulas and methods you will find in a very short time, you will be able to do almost anything you care to do, and I think, at that time, you will find as I have, that spending several weeks on the beaches of Hawaii, or on the ski slopes of Colorado, or just sightseeing in Europe, or any other place in the world, you begin to understand what *real freedom* is all about.

Most people think that it would be impossible to do some of the things listed above. For example, to buy a property, and at the same time put \$10,000 (or more) cash in your pocket without selling the property, or to buy a property with little or no cash down.

Believe me, it is possible and fairly simple. This is exactly how most wealthy people ac-



**Mark O. Haroldsen became a millionaire in four years because he found a way to harness inflation to his benefit. Now it's your turn! "I've found" says Haroldsen, "that most people just need a specific road map to follow...they can do what I've done."**

tually do make 10, 20, or 50 times more money than you do.

**YOUR MONEY'S WORTH.** While I was struggling on making my first million, I often thought how nice it would be to have the personal advice and counsel from someone like Howard Hughes or J. Paul Getty.

What would I have been willing to pay for this service? I can tell you one more thing for sure, it would have been a lot more than the \$10.00 that I'm going to ask you to invest in your financial future.

*"... more than 300,000 people have discovered that my formulas will provide the road map that can lead to total financial freedom ..."*

**FOR YOUR FUTURE.** What will this \$10.00 actually do for you? It will give you a complete step-by-step plan that you can follow to become totally and completely financially independent.

Please try to understand my dilemma. I'm not a New York advertising agency with all their professional skill and manpower to write a powerful and persuasive ad to convince you that I can make you financially independent. I am just somebody who has actually 'done it', and can really show you how to 'do it'.

**TEST IT YOURSELF.** It's really quite frustrating to have something so valuable as I know I have, but lack the skill to convince people to try it for themselves. I hope by my simple direct approach I can convince you to try my formulas.

**INDECISION — THE COSTLY DECISION.** It seems the majority of the people in our rich

country lose, not because they lack intelligence, or even willpower, but because of procrastination, or lack of action — please don't be like the masses. Make a decision while you have this paper in your hands. Make a decision now to either act now and send for my material or immediately round file this paper. If your decision is to order, do it now, not later. Otherwise you may lose, just by default.

**"FINANCIAL FREEDOM."** To order, simply take any size paper, write the words "Financial Freedom," your name and ad-

dress, and send it along with a check for \$10.00 to Mark O. Haroldsen, Inc., 2612 So. 1030 West, Dept. G-477, Salt Lake City, Utah 84119.

If you send for my materials now, I will also send you documents that will show you precisely how you can borrow from \$20,000 to \$200,000 at 2% above the prime rate using just your signature as collateral.

**IT'S GUARANTEED.** If you are still somewhat skeptical, and believe me, when I started out I certainly was, because of the many people in the world trying to deceive others, I would encourage you to postdate your check by 30 days, and I promise and guarantee that it will not be deposited for at least those 30 days, and if for any reason you do not think that what I have sent you lives up, in every aspect to what I told you in this letter, send the material back, and I will quickly, without question, refund your money and send back your own uncashed check or money order.



# Tough Business Issues in Congress

By William Kroger

Along with a clear mandate from the voters to cut spending and control inflation, the strong voice of business will be heard by the 96th Congress



PHOTO: GEORGE TAMES

**W**ISCONSIN Democrat William Proxmire told his Senate colleagues in late November: "Unless the Democratic party gets in tune with the antispending mood of the country, it is almost guaranteed that the Republicans will control the Senate after the election of 1982."

Most Democrats heading for the 96th Congress had already heard that message from the voters several weeks before. Republicans, who hope to see a resurgence, have been preaching the message all along.

The overriding direction of the 96th Congress when it convenes on Jan. 15 will be fiscal restraint—cut federal spending, get inflation under control.

Business is expected to be out in force to help ensure that Congress holds the line on the march toward a balanced budget.

Major business issues in the 96th Congress fall into these categories: Labor-management relations, energy and environment, election procedures, taxation and budgeting, consumer affairs, regulation, health and welfare maintenance, and international economic policy.

## Labor and Management

Most economists agree that the Davis-Bacon Act has had an inflationary impact on the construction industry. The act, which covers all federal construction contracts of \$2,000 or more, requires that contractors pay wages equal to the average wage of all such workers in a given area. Experts say the act increases construction costs by as much as 15 percent.

Unions are adamantly opposed to any changes in the act.

Business leaders have been trying to amend the minimum wage law to increase the current small business exemption, to provide a differential for younger workers, and to block pending increases in the minimum wage. However, it is unlikely that any rollback in the minimum wage increase will occur before 1980. A deferral was rejected in the 95th Congress but the issue will come up again, especially if the inflation rate stays high.

Labor law reform should be back again, but whether it is a package bill as it was in the last Congress depends on Senate Rule 22.

This rule governs cloture, which cuts off filibusters. Three fifths of all senators are required to end filibusters. Repeated attempts were made in the 95th Congress to end a filibuster against the so-called labor law reform bill, but they failed. The measure was finally sent back to committee, where it died. If it had not been for Rule 22, the measure probably would now be law.

A coalition of unions and liberal interest groups is expected to try to get Rule 22 changed. If it remains as is, unions will push for piecemeal changes in the National Labor Relations Act.

## Energy and Environment

The new National Energy Act was the culmination of a lengthy debate over what America's energy policy should be. But there are several major issues still pending, among them oil price controls and windfall profits.

On June 1, President Carter will have authority to change the current system of price controls on domestic crude oil. He said in Bonn last year that the higher world oil price would become the U.S. domestic price.

If prices go up, Congress probably





Sen. Frank Church (D.-Idaho) takes over the Foreign Affairs Committee.

op House Democrats confer. From left: Deputy Whip Bill Alexander (D.-Ark.), Speaker Thomas P. O'Neill, Jr. (D.-Mass.), Leader James C. Wright, Jr. (D.-Texas), and Whip John Brademas (D.-Ind.).

will get into the oil pricing issue, and debate is guaranteed to be strenuous because of the inflationary effect. Expect loud cries about windfall profits.

Other legislation will be aimed at reducing the time it takes to license nuclear power plants. As many as 12 years now pass from the time of filing for authority to build a plant until the first kilowatts of energy are produced.

In November, Interior Secretary Cecil D. Andrus closed 110 million acres of federal land in Alaska to commercial development for three years. His move followed congressional failure to act on an Alaskan lands bill.

Last month, President Carter permanently closed 56 million acres of the 110 million by establishing them as national monuments. Only an act of Congress, which the President must sign, could overturn his action.

The Alaskan lands issue in the 96th Congress will probably involve only the remaining 54 million acres.

Businessmen say the land contains needed natural resources and that careful development of those resources would not injure the land as conservationists claim.

Another environmental issue is a review and evaluation of roadless areas—known as RARE II—which will determine the eventual status of 62 million acres of undeveloped public lands, about half of which are considered commercial forestland. Based on this review, certain lands will be added to the 16 million acres of wilderness that have already been withdrawn from multiple-use purposes such as mineral extraction and logging.

RARE II will probably become the biggest resource issue before the 96th Congress.

## Election Procedures

Under the congressional campaign subsidies program, qualified candidates would receive federal funding to help finance their campaigns, similar to the financing now provided to presidential candidates.

Businessmen say such financing would help incumbents more than challengers. With federal financing of political campaigns would come ceilings on candidates' campaign expenditures. Such limits would hamper business's ability to participate in the political process through its political action committees.

## Taxation and Budgeting

Major corporate or personal tax cuts are not expected in the first session of the 96th Congress. But modification of several provisions of the tax code and new tax items are anticipated this year.

Business currently is permitted to deviate up to 20 percent, either slower or faster, from the asset depreciation range guidelines. In the last Congress, the Senate Finance Committee approved increasing the 20 percent ADR variance to 30 percent. The effort did not succeed, but prospects are good in this Congress. If successful, the change would liberalize the depreciation period so that businesses could write off assets in a shorter time.

Another issue is the current double taxation of corporate income and dividends to shareholders. Possible changes that may be legislated are a shareholder credit or a corporate deduction for dividends paid.

Other tax issues include: President Carter's real wage insurance plan, which involves a tax rebate for certain groups of workers whose wage and

fringe-benefit increases do not exceed wage-price guidelines, if the inflation rate exceeds a certain level; income tax indexing; the Internal Revenue Service's push to tax employee fringe benefits such as free meals or parking; and increased tax incentives for expenditures required to comply with the regulations and standards of the Occupational Safety and Health Administration and the Mine Safety and Health Administration.

In addition, these tax matters may be taken up: estate and gift taxes, product liability insurance reserves, state taxation of interstate commerce, and the foreign tax credit. Also, employee stock ownership plans, independent contractors' treatment as employees for employment tax purposes, tuition tax credits, sunset legislation for tax expenditures, charitable deductions, limited individual retirement accounts, income averaging, and deductions for attending foreign conventions.

The Revenue Act of 1978 requires several technical corrections, which could open the door for other changes. Some of the tax issues could come in the form of separate legislation or as amendments to the new revenue act.

One major issue is the rollback of pending increases in the social security tax. Most experts in the tax field do not expect any serious congressional consideration of this issue in 1979, but there is mounting support for possible rollbacks in 1980 and beyond.

Any rollback, however, would probably involve changes in other related areas to help offset the reduction in social security revenue. One such change could see mandatory coverage for federal, state, and local government workers. Coverage is now optional for state and local governments.

## Consumer Affairs

The Senate Judiciary Committee has held hearings on the class-action issue, possibly setting the stage for legislation early this year. Class actions involve one or more persons filing a lawsuit on behalf of many consumers or affected persons. The potential liability for businesses or manufacturers in a class-action lawsuit is virtually open-ended.

Critics claim that federal financing of special interest groups participating in agency proceedings is discrimina-



## Especially for Small Business

What can small business expect from the 96th Congress? Improved tax treatment, more government contracting dollars, and a greater voice in federal agency and congressional matters are the major legislative initiatives.

A graduated corporate income tax, weighted toward businesses with profits under \$100,000 annually, was included in the 1978 tax law. In the new Congress, further efforts will be made to liberalize the tax structure affecting small business. Also, another attempt to simplify and accelerate the depreciation schedule for small business will be made.

The Senate Select Committee on Small Business will consider legislation to allow the Small Business Administration to intervene in the government contracting process. This could result in increasing small business's share of federal procurements.

There will be another bill to upgrade the SBA counsel for advocacy to gain a stronger voice for small business in regulatory and congressional matters. Omnibus legislation to do this cleared both houses in the last Congress but was vetoed by President Carter. He said then that the legislation would hamper the ability of the SBA administrator to run the agency. Committee members will try to work out language acceptable to the President.

There are now eight small business development centers in the U.S., which provide university-level expertise to small business. The last Congress voted to increase the number of these centers to 15, but that authority was in the vetoed omnibus bill. Similar legislation will be introduced again, possibly as early as this month.

Because criticism of the SBA has been steadily increasing, the agency may be in for some changes during this session.

For example, an effort may be made to take the SBA out of the loan business. Says one Capitol Hill source: "We don't think the government should be in the loan business; that should be for banks."

tory because it supports one interest's cause to the detriment of other interests involved. The National Chamber Litigation Center has initiated lawsuits to stop this kind of government financing, which has occurred in the departments of Agriculture and Energy. Some congressmen may try to establish by law the right of the government to undertake such funding.

### Regulation

Regulation issues will involve congressional veto power, divestiture of large corporations, and mandatory wage-price controls.

Under the congressional or one-house veto, federal agencies would be required to submit new regulations to the Senate and House for review. A regulation would not become effective if both houses vetoed it, or if one body vetoed it and the other did not override the veto.

As chairman of the Judiciary Committee, Sen. Edward M. Kennedy (D-Mass.) will likely hold hearings on the divestiture issue, which in the 95th Congress centered mostly on large energy companies. Insiders predict the senator may attempt to expand the divestiture effort to other industries.

Congress is likely to give the President standby authority to invoke mandatory wage-price controls. The President has said mandatory controls would not be invoked unless there was a national emergency such as war. Some of his advisers, however, have waffled on the issue in recent months, leaving doubt about what may be considered a national emergency.

### Health and Welfare

America's health care bill is expected to climb above the \$200 billion mark if the current 15 percent annual growth rate in costs continues. Health costs in the U.S. in 1978, according to government estimates, were in excess of \$183 billion. Business is the largest private buyer of health care services.

Special interest groups, unions, and some members of Congress have been pushing for some type of national health care program. Experts say some of the more advanced health care proposals could increase costs by more than \$25 billion in the first year of operation.

Expensive health care plans are expected to be resisted as inflationary, but specific proposals, such as health insurance to cover catastrophic illnesses, will be introduced.

The cost of health care itself will be addressed by the new Congress. Measures were introduced in the last Congress to begin controlling some health costs, such as physicians' purchases of expensive medical equipment.

Welfare reform has been debated for a number of years—and it will be debated again in the next Congress. Reform plans put forth during the 95th Congress, including the President's, were estimated to cost billions of dollars on top of current costs.

The welfare debate in the new Congress will center on the issue of expense. Although President Carter recently announced the cost of his plan would be scaled down considerably, this issue should be controversial.

### International Economics

The law governing export controls expires on Sept. 30, and Congress is expected to act prior to that. Experts say there is a good possibility that controls will be loosened, which would be beneficial to business.

Agreement on a far-reaching set of new international trade rules is expected soon. Multilateral trade negotiations have been going on since 1973 with nearly 100 nations involved.

Earlier negotiations—this one is called the Tokyo Round—left average tariff levels relatively low. The current negotiations have focused on nontariff measures that have become increasingly significant barriers to trade.

The 96th Congress will have to approve the nontariff portions when an agreement is signed. While a reduction in foreign barriers to trade would give a boost to U.S. efforts to increase exports and reduce the trade deficit, some domestic industries will resist giving up U.S. import barriers.

The 96th Congress has a massive workload ahead of it, and business has an important stake in the outcome.

There is a strong feeling that business will be able to go on the offensive for the first time in years because of the more conservative, fiscally conscious mood expected of America's national lawmakers.

Yet, more pragmatic observers do not discount the power of organized labor to keep business from doing what it wants. On the other hand, they believe business will be able to contain the unions' efforts to gain more power, as happened in the 95th Congress.

While an impasse may result in the 96th Congress, there is no denying that the voice of business will be a telling factor. □



## Congressional Committees: The Changing of the Chairs

With one or two exceptions, the general election two months ago did little to alter the makeup of committee chairmanships in the Senate and House. Only about ten committees, out of nearly 60 standing, special, and select committees, will have new chairmen when the 96th Congress convenes this month.

Four major changes have occurred, however, and involve these committees: Judiciary and Foreign Affairs in the Senate and Appropriations and Rules in the House.

One bellwether change for business involves the Judiciary Committee. Taking the helm from retiring Sen. James O. Eastland (D.-Miss.) will be Sen. Edward M. Kennedy, a Massachusetts Democrat who consistently maintains a pro-union voting record and appears unafraid of wading into most issues, controversial or not. As chairman of Judiciary's antitrust and monopoly subcommittee, Sen. Kennedy has been critical of conglomerates.

"The basic question on conglomerates is whether a different approach is needed," says a Kennedy spokesman. He added that there is a need to take a hard look at the handling of legal suits involving conglomerates.

Sen. Eastland ran a relatively free committee, allowing subcommittee chairmen to do what they wanted within budget restraints. Sen. Kennedy will probably try to centralize committee operations, possibly cutting the present ten subcommittees to five. Also, the senator is likely to bring more issues before the full committee instead of farming them out to subcommittees. This would result in increased hearings before the full committee.

The committee will also be involved in the unions's expected attempt to shore up their exemption under antitrust law, the investigation of nominees for the federal bench—the last Congress created 152 new judgeships—and further revisions of the federal criminal code, which passed the Senate last year but failed to clear the House.

One observer speculates that with so much activity going on, Sen. Ken-

nedy might be too busy to pursue his interest in the antitrust area. The Kennedy spokesman says he cannot see this happening.

He adds, however: "A lot of people say there will be a major change with Sen. Kennedy as chairman, but he has only one vote on the full committee."

Another senator who parlayed a subcommittee chairmanship into national prominence is Frank Church (D.-Idaho), who will become chairman of the Senate Foreign Relations Committee. He replaces Sen. John J. Sparkman (D.-Ala.), who retired.

Sen. Sparkman succeeded longtime chairman J. William Fulbright (D.-Ark.), who maintained running battles with Presidents Johnson and Nixon on such issues as the Vietnam war, presidential military powers, and foreign policy.

By the time Sen. Sparkman assumed the helm, most of these battles had run their course, and the committee entered a period of calm, except in one area: multinational corporations. These were investigated by a subcommittee that was chaired by Sen. Church.

As chairman, say observers, Sen. Church will probably guide much of the full committee's activities into the international economics area which

includes imports and exports, foreign economic aid, and international financial institutions.

On the House side, Rep. Jamie L. Whitten (D.-Miss.) will probably become chairman of the Appropriations Committee. Chairman George H. Mahon (D.-Tex.), who ruled the committee since 1964, has retired; Rep. Whitten, who has headed the agriculture and related agencies subcommittee for 27 years, is next in line.

Rep. Whitten, a 20-term congressman, is described as "a man of restraint and a fiscal moderate who believes in getting something tangible for the money spent."

Some observers say that Rep. Whitten probably will not have the influence of his predecessor.

Another big change will come this month when Rep. Richard Bolling (D.-Mo.) is expected to take over the Rules Committee from retiring Rep. James J. Delaney (D.-N. Y.).

As traffic cop of the House, the committee sets up rules on how legislation will be acted upon once it comes to the floor. Nearly all legislation goes through this committee.

In the past, the chairman of the Rules Committee was considered a powerhouse, but in recent years this chairman and his committee have become an extension of the House Speaker, who appoints the chairman with concurrence of the caucus.

Rep. Bolling considers himself close to Speaker Thomas P. O'Neill, Jr. (D.-Mass.). The two worked together on the Rules Committee for years, beginning in 1955.

"I believe the Rules Committee should be an arm that not only works with the speaker but also plays a role in the decisions," says Rep. Bolling. He added that he would not hesitate to hold up a bill if he thought such delay was important, "but it just so happens that the speaker and I are going in the same direction."

Other House committees that will have new chairmen are the District of Columbia, Post Office, Science and Technology, and Standards of Official Conduct. In the Senate, the Select Indian Affairs and Special Aging committees will get new chairmen.



A shakeup of House rules could come with Rep. Richard Bolling (D.-Mo.) at the helm of the Rules Committee.



# Fear of Wage-Price Controls Influences

By Dr. Jack Carlson and Jay Schmiedeskamp

**T**HE EXECUTIVES who run companies of every size in every section of the nation seem more convinced than ever that mandatory wage-price controls will come within the next two years. In the latest survey of business confidence conducted by the Chamber of Commerce of the United States and the Gallup Organization, 76 percent of those responding see mandatory controls at least by the next presidential election.

This view does not put much faith in repeated statements by President Carter and administration spokesmen that there are no plans to make the present voluntary controls mandatory.

The percentage of executives who predict mandatory controls has increased dramatically. One year ago, less than one third of business leaders expected such controls. By last summer, the number had increased to more than half.

## Return to inflation

A cross section of business leaders are surveyed quarterly by the National Chamber and the Gallup Organization to determine their expectations about the economy.

The latest survey reflects continuing fears of recession and a return to double-digit inflation, although these fears have not accelerated since the previous survey.

The chance of double-digit inflation within the next year is placed at 51 percent and within the next two years at 56 percent. Executives now see a 38 percent chance of recession within the next year and a 52 percent chance within two years.

Business executives are generally negative toward a tax-based income policy, which would provide tax relief for achieving wage and price guidelines and tax penalties for failure to comply. Thirty percent of the 1,000 executives responding expect that such a program will reduce profits for their companies. Only five percent feel it will improve economic conditions.

Business leaders are not convinced that this program will reduce infla-

## PROPORTION OF BUSINESS LEADERS WHO EXPECT MANDATORY WAGE-PRICE CONTROLS WITHIN TWO YEARS

Winter 1978	Spring 1978	Summer 1978	Current Poll
44%	53%	55%	76%

## CHANCE OF DOUBLE-DIGIT INFLATION

	Winter 1978	Spring 1978	Summer 1978	Current Poll
Within 12 Months	23%	35%	49%	51%
Within 24 Months	38%	46%	54%	56%

## CHANCE OF A RECESSION

	Winter 1978	Spring 1978	Summer 1978	Current Poll
Within 12 Months	26%	31%	39%	38%
Within 24 Months	43%	48%	55%	52%

## HOW THE GOVERNMENT WILL DO AT FIGHTING INFLATION AND UNEMPLOYMENT

	Winter 1978	Spring 1978	Summer 1978	Current Poll
Good Job	2%	1%	*	2%
Fair Job	42%	31%	28%	35%
Poor Job	56%	68%	72%	63%

\*Less than 0.5%

## EFFECTS OF GOVERNMENT OFFICIALS AND THEIR POLICIES ON THE U. S. BUSINESS COMMUNITY

	Per Cent of Respondents		
	Good	Fair	Poor
President Carter			
Domestic Affairs	1	24	74
Foreign Affairs	16	56	28
Congressional Delegations	16	52	32
Congress	*	39	59
Regulatory Agencies	1	12	87
The Courts	9	56	33
State Officials	12	55	33
Local Officials	23	54	22

\*Less than 0.5%

## GENERAL BUSINESS CLIMATE

	Winter 1978	Spring 1978	Summer 1978	Current Poll
Becoming More Favorable	5%	4%	8%	10%
Becoming Less Favorable	74%	76%	79%	74%
No Change	20%	18%	13%	15%

## PROSPECT FOR INCREASES IN SALES AND PROFITS AFTER ADJUSTING FOR INFLATION

	Winter 1978	Spring 1978	Summer 1978	Current Poll
Sales:				
1 Year	78%	79%	81%	74%
4 Years	85%	84%	89%	83%
Before-Tax Profits:				
1 Year	51%	54%	60%	51%
4 Years	62%	65%	67%	63%



# Carter's Rating

tion. Of those responding to this question, 63 percent expect that the program will have a negligible effect, and 12 percent said that it would actually increase inflation.

Nearly three fourths of the executives think the general business climate is becoming less favorable. Since the last survey, executives are less optimistic about the prospects for higher sales and profits. Expectations about sales during the next 12 months have declined somewhat, but expectations about short-term profits have declined even more.

Last fall, 74 percent said that sales, after adjustment for inflation, would be higher this coming year than last year, and 83 percent thought sales during the next four years would be higher. The respective figures in the summer survey were 81 percent and 89 percent.

## Depth and duration

For the coming year, the change in anticipated inflation-adjusted, before-tax profits is even more significant. Fifty-one percent of the executives say that their profits will be higher next year than last, down from 60 percent in the summer. The four-year outlook is also down, with only 63 percent saying profits will be higher during the next four years, compared to 67 percent last summer.

However, the fact that one-year profit expectations are off more than four-year expectations supports the belief that any recession in the next year or so will be relatively mild in depth and duration.

The greater relative decline of profits to sales expectations in part reflects the increased possibility of wage and price controls reducing profit margins.

Since business leaders assign a high probability to double-digit inflation, which would increase labor and material costs, and to recession, which might make it impossible for management to pass along the inflated costs to consumers, the increased expectation of controls has somewhat dimmed the outlook for profits.

Looking ahead five years, two out of five executives expect mostly good times in the economy, and only one out of five expects more bad than good times, with problems of recession and unemployment.

## About the same

Business leaders of firms that export are optimistic about increasing their exports to other countries. About half expect higher export sales, and only 11 percent expect lower exports during the next 12 months, while the rest expect exports to be about the same.

About 35 percent of affected respondents expect increasing import competition during the next three or four years; most of the remainder expect no change from foreign competition.

Business executives continue to believe that the government will do a poor job of fighting inflation and unemployment. Sixty-three percent expect a poor job, 35 percent expect a fair job, and two percent expect a good job.

Almost three quarters of business leaders rate the effects of President Carter and his domestic policies on the business community as poor, but only 28 percent give a poor rating to the President on foreign affairs. Fifty-six percent give him a fair rating on foreign affairs, and 16 percent rate him good.

Congress is rated somewhat less negatively, and the executives rate their congressional delegations more positively. State officials rate better than federal officials, and local officials rate most favorably of all.

Evidently, government closer to home is regarded as less harmful to the U. S. business community. ☐

DR. CARLSON is vice president and chief economist of the Chamber of Commerce of the U. S. MR. SCHMIEDESKAMP is vice president of the Gallup Organization and research director of the Gallup Economic Service.



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# Is Real Welfare Reform an Impossible Dream?

Control costs, help only the needy, find jobs for the able-bodied, and eliminate fraud—these are the keys to a sensible assistance program

**W**HEN Jimmy Carter was a presidential candidate, one of his major goals was to overhaul the national welfare system, which he described as wasteful, hopeless, subject to fraud, and enmeshed in bureaucratic red tape.

During the campaign and later as President, he insisted that welfare reform, in whatever form, should not cost a penny more than the existing system.

In August, 1977, President Carter unfolded his plan for ending the welfare mess. Members of Congress who would determine the plan's fate had scarcely finished reading the fine print when skepticism set in.

Many months of wrangling and controversy dogged the Carter plan, and Congress finally shelved it.

Careful analysis showed that the Carter method for reforming welfare, instead of holding the line on costs, would add at least \$20 billion to the almost \$40 billion already being spent annually.

Further, Congressional Budget Of-

fice figures indicated that the President's plan would add perhaps 10 million people to a national welfare family that now may number 50 million, according to some estimates. The CBO also suggested that more than one million people whose total family incomes exceed \$25,000 a year would be included. An example is a deserted wife and child receiving welfare help

When the social services program was first enacted in 1962, HEW placed a price tag of \$40 million on it. Within a decade, the cost had risen to 50 times that amount.



Milwaukee County Executive William O'Donnell shows a newspaper's hefty help-wanted section to welfare protestors.

who move back into the home of the wife's father earning \$35,000.

Predictably, the mere hint that the government was going to up the welfare ante produced pessimism about the prospects for early enactment of the Carter plan.

It was not long, too, before critics began labeling the proposal a new, although well-disguised, attempt to establish a guaranteed annual income for the needy. President Johnson rejected the guaranteed income proposal as too radical. Presidents Nixon and Ford tried and failed to push variations of it through Congress. In poll after poll, Americans have consistently and overwhelmingly opposed the idea; at the same time they continue to favor financial help for the truly needy.

The President is now drafting a new welfare reform proposal which would add an estimated \$6 billion to present costs. Despite the best presidential efforts, overall welfare reform remains elusive. Whatever small changes and improvements are wrought almost al-



ways depend on political considerations. Almost every reform plan has contained provisions that would add people to welfare rolls, cut back the number of welfare recipients, increase spending, or combine any of these. The number of senators and representatives needed to approve comprehensive reform has not been willing to risk voting the wrong way.

### Cut costs, reduce rolls

American voters perceive welfare reform to mean cutting costs or, at least, containing present spending, reducing the number of people on welfare, and eliminating abuse and fraud.

President Carter's previous welfare reform plan came out strongly for work incentives, hence the name, Program for Better Jobs and Income.

Despite the attractive name, the program contained the old booby trap of guaranteed income in addition to other provisions which, its critics claim, would guarantee soaring welfare costs.

The President's program hardly moved at all through the first session of the 95th Congress in 1977. Mr. Carter was forced to admit publicly that the program would cost more money, not hold the line as he had promised.

This fact and others led to compromises in the efforts to move the legislation off dead center. Some of the compromises were foredoomed because their net result was to expand welfare coverage and increase costs.

### White House acceptance

Among the early skeptics was the redoubtable Russell B. Long, the Louisiana Democrat who heads the Senate Finance Committee and whose voice in welfare matters is heard throughout Congress. Early last year, he said that the Carter program showed every indication of making more people dependent on welfare benefits. If the plan would not actually reduce the number of people on welfare, he said, he would oppose it.

A coalition of senators, representatives, governors, mayors, and others drafted a compromise bill that won White House acceptance. But the compromise also failed to move when an analysis revealed that it might hike welfare spending by as much as \$14 billion above the present cost.

PHOTO: THE MILWAUKEE SENTINEL



David Rehak got off welfare and onto an assembly line at the Oster Corp. as a result of Milwaukee County's Work Assistance Program. It has found jobs for more than a thousand welfare recipients.

Then California voters put the unlikely phrase, Proposition 13, in the history books. Their massive approval of the initiative to reduce property taxes was a clear signal to Congress that taxpayers had had enough of ever-increasing government spending. And that included welfare. The *coup de grace* on welfare reform in 1978 was swift and silent—the bill died in committee.

When Medicaid was first proposed, HEW estimated it would cost only \$238 million. Now it is running around \$20 billion.

President Carter, like other presidents before him, may have underestimated the hydra-headed nature of the creature he was trying to reform. However, he had the prescience to observe at a press conference in May, 1977, that "the complexity of the system is almost incomprehensible."

Perhaps a major reason why Mr. Carter's welfare plan failed is captured in Martin Anderson's book, "Welfare." It says:

"The thrust of Carter's plan is to further the idea of a guaranteed income, expanding welfare into the heart of the middle class of America. This is not welfare reform. This is a potential social revolution of great magnitude, a revolution that, if it should come to pass, could result in social tragedy."

Mr. Anderson, whose book was published early this year by the Hoover Institution at Stanford University, was a member of the small White House working group that developed President Nixon's ill-fated Family Assistance Plan. Mr. Anderson was the only





**Sen. Daniel P. Moynihan:**  
"The bill we received was not drafted by the President. It was drafted by the bureaucracy."



**Sen. Russell B. Long:**  
"We have a right to be skeptical about HEW cost estimates associated with new programs."

group member who concluded that the plan was unsound.

The welfare professionals at the Department of Health, Education, and Welfare are gearing up for another attempt in 1979 to restructure the welfare system. The White House has hinted that Mr. Carter again wants to tie relief payments to a work requirement that able-bodied people on welfare would have to take jobs.

#### **Broadening the scope**

Robert B. Carleson, a leading expert on welfare who has testified for the Chamber of Commerce of the United States, says that the combination of inflation and the antispending mood of the country could dampen any drive to broaden the scope of welfare.

"I'd like to see us use this momentum (from Proposition 13)," he says. "The business community and others who pay taxes should not slow down in the fight to achieve real welfare reform."

Mr. Carleson, who was state director of social welfare under former Gov. Ronald Reagan of California and later U.S. Commissioner of Welfare under

President Nixon, serves on the National Chamber's Panel on Welfare Reform Proposals.

In testimony before a Senate Finance subcommittee last year, he said that true welfare reform cannot take place until control of welfare is removed from Washington.

"The states should have maximum freedom to create and tailor their own welfare programs," he says, "because the closer the implementation of the programs is to the people they are designed to serve, the more likely it is that the programs will meet the needs of those individuals who cannot help themselves."

Despite enjoying a \$30 billion surplus year, Mr. Carleson says, state and local governments are still crying for fiscal relief from welfare costs, and taxpayers are constantly complaining about the proliferation of welfare programs.

"Yet, a comparison of state and federal programs shows that the states have demonstrated an ability to control costs while the federal government has not," he adds.

Mr. Carleson is convinced that the

welfare establishment—social workers, activist groups, and HEW professionals—will continue to press for incremental federalization of welfare. These supporters favor changes in existing programs without dismantling them and more authority for the federal government to determine how the programs should be run.

"Federal policies have been the greatest contributor to expanded welfare rolls," says Mr. Carleson. "Federal programs such as food stamps and Supplemental Security Income have resulted in many more persons drawing welfare than would have been eligible under state eligibility rules."

#### **Hoodwinking presidents**

For example, the cost of the four major welfare programs—food stamps, SSI, Aid to Families with Dependent Children, and Medicaid—rose from \$4 billion in fiscal 1966 to \$37.7 billion in fiscal 1976. In the same period, the number of people receiving welfare aid soared from 8.4 million to about 44 million.

Mr. Carleson, like many other critics of the Carter welfare proposal, questions the validity of figures produced by HEW and the welfare establishment. Some critics say that these figures often disguise the real cost of expanded welfare and can even hoodwink presidents.

In Mr. Carleson's view, the President's 1978 plan would have cost even more than the \$20 billion addition cited in some analyses.

"This figure appalled many members of Congress, but that estimate is low in my opinion," he says. "Sen. Long predicts the cost will soar to \$60 billion in a few years. I would be more conservative in my prediction."

#### **Full-fledged growth industry**

Charles O. Hobbs, who with Mr. Carleson was an architect of welfare reform in California where spending was slashed by about \$700 million, claims that welfare has become a full-fledged growth industry. It is composed of five million public and private workers distributing payments and services to almost 50 million beneficiaries. And HEW serves as general headquarters since it controls three fifths of all national welfare spending.

"Every attempt at national reform either has not been enacted or has resulted in even faster growth and higher costs, because the welfare industry, controlling the program design and evaluation process through the federal



## Welfare Means Work in Milwaukee County

The general assistance rolls in Milwaukee County, Wis., were expanding so rapidly that the county government was forced to dip into other funds to keep the program going. Unlike other welfare programs, general assistance is financed wholly at the local level. In Milwaukee County, the money comes totally from local property taxes.

Milwaukee County Executive William F. O'Donnell decided to act. He created the Work Assistance Program which called for everyone on general assistance—single men and women and childless couples—to learn a trade, take a job if offered, or get off welfare.

In the first year of the program launched in July, 1977, 6,602 people moved off the general assistance rolls in Milwaukee County, saving about \$10 million.

"I've stopped nursing these people," Mr. O'Donnell told NATION'S BUSINESS. "We reached the point where we had to stop kidding ourselves. This is money coming out of the pockets of the working people of our community.

We are forcing welfare recipients to take jobs if they are physically able and the jobs are there."

Of the 6,602 people removed from the rolls and referred to the work program, 5,182 chose to participate. Of this number, 1,120 later dropped out, and 113 were referred back to general assistance for health reasons. At the end of the first year, 1,077 had jobs—807 in private industry—and the rest were in job-training programs.

One of those involved was Robert Ferguson who was trained as a welder and now works for Sit'n Rest Golf, Inc., a Milwaukee manufacturer of golf carts. He recalls his reaction when he was told he would be taken off welfare and given a chance to learn a trade:

"It was quite a shock, but it got me off my bottom.

"I didn't realize it, but I was getting hooked on welfare. Now I have learned that you can make it on your own if you try. I hope other people on welfare will see me as proof of that fact."

Mr. O'Donnell set up the program with about \$1 million made available under the federal Comprehensive Employment and Training Act.

"The traditional methods of helping people get off welfare have not produced tangible results," he says. "We are redirecting the manpower training activity of the county from a social service to a business-need orientation; we want to coordinate with private industry to match jobs with trained workers."

Almost 100 Milwaukee area firms have hired former welfare recipients. The training and job-placement program is administered by the Jewish Vocational Service in cooperation with the Opportunities Industrialization Center and Service Employment Redevelopment.

Mr. O'Donnell says a lot of the credit for the success of the program goes to private employers who offer the best opportunities for long-term employment.

He adds: "What I tell private industry is simple: Give these people a chance."

## The State of Welfare Abroad

The experiences of six European nations—Great Britain, Germany, the Netherlands, Norway, Sweden, and Denmark—show what happens when welfare payments and services are expanded far beyond helping the truly needy.

Rising welfare assistance is by far the largest item in each country's national and local budgets. In the 12 years between 1965 and 1977, total government spending rose from 35 percent to 62 percent of gross domestic product in Sweden, from 38 percent to 55 percent in the Netherlands, from 34 percent to 51 percent in Norway, from 37 percent to 47 percent in Germany, from 37 percent to 44 percent in Great Britain, and from 31 percent to 46 percent in Denmark. In the United States, expenditures increased from 27 percent to 33 percent.

The National Planning Association, which studied the welfare situation in

these countries, reported that higher taxes and increased government borrowing followed welfare expansion. Direct and indirect taxes imposed on workers now range from a third to half of their gross earnings.

According to the association, rising employer contributions for social security are pushing production costs up to levels that discourage private investment and decrease competitiveness not only in foreign markets but also in domestic markets.

This loss of competitiveness has forced European governments to establish new barriers against imports.

"At the same time, a growing number of workers no longer sees the advantages of income earned for work compared with income obtained from the national welfare system," says the association. "The result has been increased absenteeism, labor turnover, and idleness."

bureaucracy, has altered reform concepts to meet its own expansionary goals," he writes in "The Welfare Industry," published by the Heritage Foundation.

Mr. Hobbs says that the information the public receives almost always relates to only one or a few programs, thereby understating the overall cost of the system. For instance, the Carter plan covers only a fifth of national welfare spending.

### Cost growth rates

"The welfare industry studiously avoids publishing total system costs and cost growth rates," according to Mr. Hobbs. "Nevertheless, the public, even on limited information, firmly believes that too much money is being spent on welfare. Yet every proposal produced or endorsed by the industry has meant increased welfare spending, and the industry has consistently fought proposals designed to cut costs."

Sen. Long recalls that when Medicaid was first proposed, HEW estimated it would cost only \$238 million annually. By 1969, Medicaid was costing \$2.3 billion a year. It is now running



## Fraud and Abuse Are the Twin Plagues of Welfare

She lived in a neighborhood where the houses sell for \$170,000. She owned a Porsche, a Cadillac, and a Mustang. She was on welfare.

Los Angeles authorities charged the woman, who claimed to have 47 children, with illegally collecting \$239,587 in welfare payments as well as an undetermined amount of non-cash benefits such as food stamps and medical services.

In Philadelphia, newspaper reporters uncovered a wide-open black market in phony credentials that were good for obtaining food stamps, medical care, and even drugs.

In St. Louis, a hospital administrator was accused of using Medicare funds to hire a belly dancer to liven up a staff meeting.

And in New Jersey, an investigation turned up a nursing home official who billed Medicaid for veterinary charges and airline travel for his pets.

These examples of welfare fraud and abuse are from hundreds on file with the National Welfare Fraud Association.

Dorothy M. Forney of Harrisburg, Pa., executive director of the Eastern Regional Council on Welfare Fraud and a founder of the national group, says the organization keeps tabs on welfare fraud and abuse and reports violations to the proper state and fed-

eral authorities. The organization occasionally lobbies when it feels it can influence legislation that would reduce fraud and abuse.

Any expansion of existing welfare programs, according to Mrs. Forney, will increase the likelihood of fraud and abuse.

"And I am absolutely in favor of decentralizing welfare if we are really serious about protecting the taxpayers' interests," she says. "State and local governments can do a much better job of reducing and even eliminating some of these fraudulent practices."

Mrs. Forney has a four-point formula for handling the problem: prevention, detection, elimination, and prosecution.

The National Chamber also believes that basic changes are needed in the current welfare system. The Chamber supports:

- Decentralization of welfare programs with maximum control exercised by the states.
- Substantial federal financing through block grants, with the states required to match those funds to some extent—limited matching would promote fiscal integrity.
- Pilot testing of any and all proposed welfare reform measures before any major changes are made in the existing system.

around \$20 billion, with \$12 billion of that coming from the federal treasury.

Another example is the social services program—counseling, day care, health care, homemaker services—on which HEW placed a \$40 million annual price tag when it was enacted in 1962. Within a decade the cost had risen to 50 times that amount and was headed toward doubling that figure when Congress slapped on a lid.

"We have a right to be skeptical about HEW cost estimates associated with large new programs," Sen. Long asserts.

His reaction to President Carter's welfare reform plan last year was: "I believe all of us would be wise to face the fact that the overwhelming majority of the personnel who put the plan

together at HEW were there before President Carter came on the scene, and they will be there after he is gone."

Sen. Daniel P. Moynihan (D-N.Y.) was blunter: "The bill we received... was not drafted by the President. It was drafted by the bureaucracy."

The welfare establishment traditionally takes the position that state and local governments cannot handle the welfare problem. Some even say that the states are to blame for the welfare mess.

But the National Chamber and others cite many examples of how state and local governments—where they have control over welfare programs—have been able to reduce caseloads and costs while increasing benefits.

The most publicized of these accomplishments, of course, is the California experience. According to Mr. Carleson, the number of Californians on welfare rolls, which had been escalating at the rate of 40,000 a month, dropped by more than 350,000 over three and a half years. Conversely, welfare benefits jumped by more than 50 percent.

In Massachusetts, former Gov. Michael S. Dukakis spearheaded a drive that found jobs in private industry for 9,000 people on welfare, about 13 percent of the 70,000 welfare recipients in that state.

### Working together

"But that doesn't happen by accident," Mr. Dukakis says. "You have to make jobs for welfare recipients a priority. And you have to have state agencies that can work together to get results."

Oregon has found jobs for more than 20,000 welfare families—15,000 of them have dropped out of the welfare system completely. According to former Gov. Robert Straub, welfare spending in his state was cut by \$3 million over two and a half years.

Mr. Carleson believes that the reason why so many mayors, governors, legislators, and county officials endorse federalization of welfare is that they rely so heavily on federal dollars.

"They may be willing to pay the price of federalization to get those dollars, but most declare that they have the expertise—grounded in day-to-day experience with these programs—to run the programs effectively, efficiently, and equitably," Mr. Carleson says.

"They recognize the need for reform at the state and local level, and they know what works best with their citizens. If all the federal regulations were dispensed with, they could make the best use of the federal dollars they get, cut out duplication and waste, control error and abuse, and fit their programs to the people's needs."

### Most generous people

The financial burden of welfare on local governments is dramatically demonstrated by a U.S. Census Bureau report which showed that county governments in 1976 spent more on welfare—\$7.1 billion—than on any other local service. In other words, more county funds were spent on welfare than on hospitals, police and fire protection, parks and recreation, and libraries combined.

Americans are among the most generous people on earth. Even at the



height of President Johnson's War on Poverty, Americans were digging into their pockets to help the poor through private and public charities, with full knowledge that a growing share of their tax dollars was supporting federal poverty programs. However, today, Americans are beginning to question how these poverty programs are run, whether all the people on the receiving end are truly poor, and how many of their tax dollars are skimmed off by fraud or abuse of the system.

The Institute for Socioeconomic Studies, working with Pace University, recently studied the profusion of overlapping and sometimes contradictory benefit programs. The study turned up 182 individual programs which last year cost a staggering \$248.1 billion—that is a billion dollars more than the entire federal budget in 1973.

Leonard M. Greene, president of the institute, commented: "It is surprising that in the current debate on welfare reform, no one really knows exactly how much government money is already helping the poor."

Poll after poll has shown that Americans are strongly in favor of continuing welfare for the needy. Accord-

ing to many of the same polls, an overwhelming number is convinced that many people are receiving welfare checks fraudulently and others are physically able to work.

In the case of fraud and abuse, this conviction is not unfounded. HEW, investigating its own operations, discovered it was taken for between \$6.3 billion and \$7.4 billion in 1977 through fraud, waste, and abuse, most of it in the area of welfare.

#### Another reform effort

Another attempt at welfare reform will certainly be made in the 96th Congress. How vigorously President Carter will push for reform this time around is still somewhat uncertain. The National Governors' Association has already announced it is prepared to fight for a reform bill that would provide financial relief to hard-pressed state and local governments trying to cope with rising welfare costs.

In the closing days of the 95th Congress, Sen. Alan Cranston (D-Calif.) introduced a limited reform bill aimed principally at ending the system whereby the states put up matching funds to acquire federal welfare dol-

lars. The bill would substitute block grants which would not fluctuate as matching payments do when a state's revenues decline. According to the senator, this would permit the states to reduce welfare expenditures through better management.

This approach, he says, is a "first step toward changing a welfare system that works so badly that nobody likes it—neither the taxpayer who foots the bill nor the administrators who run the programs nor the recipients who supposedly benefit from them."

Can we really expect meaningful welfare reform? Yes, if ways are found to control costs, limit help to the truly needy, make the physically able work when jobs are available, and eliminate fraud and abuse.

Says Gordon L. Weil of the Institute for Socioeconomic Studies:

"Faced with continual escalation of welfare costs and continual complaints about rising taxes, the public and Congress will be reluctant to support welfare reform whose immediate impact is to drive up both. For many people, in and out of Congress, the bottom line on welfare is the bottom line on the balance sheet." □



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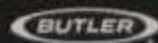
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# These two Mercedes-Benz cars just rewrote Diesel history—by adding the word “performance.”

**I**t was a 1-2 punch that forever shattered the “stodgy Diesel” image. First, that ultra-streamlined 195.4-mph coupe sped to 9 world records in 12 hours on the power of a revolutionary Diesel engine. Then Mercedes-Benz put the same basic engine in a car you can buy: the 300SD Turbodiesel Sedan. At long last, the performance Diesel is here—and from stoplights to filling stations, the benefits must be experienced to be believed.

Do not confuse the Mercedes-Benz 300SD Turbodiesel Sedan with any Diesel automobile you have driven or heard about before.

It is the most technically advanced Diesel that Mercedes-Benz has ever built—but beyond this, it is probably the most *exciting* Diesel automobile anyone has ever built for public sale.

**“The most stunning quality of the 300SD, by far, is its acceleration.”**

—AUTOWEEK

Generating much of that excitement is an engine unlike any ever used in a Diesel car before: a 5-cylinder, 3-liter, turbocharged engine.

After testing the Turbodiesel with this power plant, *Road & Track* magazine reported that its 0-60 time of 12.7 seconds eclipsed all other production Diesel cars available today.

## **Diesel driving, transformed**

The effect in everyday driving must be felt to be fully grasped.

*You are turbocharged away from stoplights, up long grades, through passing maneuvers, with a feeling of power to spare. In highway traffic, you can maintain the pace with velvet ease.*

That newfound sense of power is no illusion: turbocharging this Diesel engine boosts maximum power by 43 percent—and maximum torque by a lusty 46 percent.

## **195.4-mph Diesel engine**

The engine that powers the 300SD Turbodiesel Sedan barely differs in design and major components from the engine that recently made performance history.

The date was April 30, 1978. The place, a circular 7.8-mile track at Nardò, Italy. Driving in relays, dodging fog, fatigue and the odd errant hedgehog, four drivers piloted their fin-tailed C-111/3 research vehicle around and around and around—until, 12 hours later, 9 new world speed records had been set. That C-111/3 had lapped Nardò at an average speed of 195.4 mph for the full 12 hours—including one extraordinary lap at 203 mph.

## **Diesel efficiency unchanged**

Yet the most amazing news about the Turbodiesel engine may not be its performance at all.

*Note that while it was averaging 195.4 mph for those 12 hours, that C-111/3 record car was also averaging 14.7 miles per gallon.*

In short, you can have your cake and eat it too. Vivid new performance has been injected into the Diesel engine—without subtracting from its legendary fuel efficiency by as much as a single drop.

For example, compare the Turbodiesel with the lively 300D Sedan and its similar but un-turbocharged engine. Though a larger car than the 300D and a good 320 lbs. heavier, the Turbodiesel is not only quicker in acceleration; it uses *even less* fuel. EPA estimates show 29 mpg in highway driving, 24 mpg in the city. (Your mileage of course will depend on the condition and equipment of your car and on where and how you drive.)

**“The handling is superb, the suspension always in control. It is a pleasure to drive...and drive...and drive.”**

—AUTOWEEK

The 300SD Turbodiesel would be newsworthy even if there were nothing

new under its hood.

It is the roomiest Diesel Mercedes-Benz has ever built, the most sumptuously appointed, and the most civilized to ride in.

“On the sound meter,” *Road & Track* found, “the 300SD’s readings were virtually identical to those of the 450SEL we tested last May.”

But despite a plush interior environment of soft velour carpet and hand-finished veneers and thickly padded seats, the Turbodiesel shines in brisk driving; it aims for over-the-road performance seldom found in “luxury” or “prestige” sedans.

Consider some vital statistics. It is less than 18 feet long, needs a mere 2.7 turns of the steering wheel lock-to-lock, and whips around within a turning circle of 38 feet. It is almost playfully maneuverable.

And it needn’t be babied along on back roads. The fully independent suspension helps assure that the tires are in constant contact with the road. The car is not knocked off course by every bump and pothole.

The engineers even built a shock absorber into the Turbodiesel’s steering system, to help muffle the jolts before they can reach your hands on the wheel. Engineering luxuries abound: gas-pressurized shock absorbers, light-alloy wheels, and four-wheel disc brakes.

Power-assisted steering and brakes, and a precision-engineered automatic transmission with *four* speeds, help make this performance car almost physically effortless to drive.

## **Can you resist a test drive?**

With the 300SD Turbodiesel, AUTOWEEK concludes, “The Diesel passenger car has come of age.”

It seems only logical that the company that pioneered the world’s first production Diesel passenger car in 1936 should, two million cars and 50 years of experience later, pioneer the performance Diesel sedan.











# The Man Whose Lanterns Light Up the Countryside

By John H. Jennrich

Sheldon Coleman made his father's company a leader in all kinds of equipment for the great outdoors

**S**HELDON COLEMAN is accustomed to being asked about his success in running The Coleman Co., Inc.

One time at Wichita State University a young man inquired:

"What's the real key? What's the real reason for the kind of success you've had?"

Mr. Coleman paused a moment and then said: "Well, I'll tell you. In my particular case, choosing the right father had a lot to do with it."

The punchline brought a roar of laughter from his audience. His father founded The Coleman Co., Inc., which started by making lamps and today is a leading manufacturer of outdoor recreational equipment.

Mr. Coleman, who is now 77, knew in high school that he wanted to run the company. He also knew that success wouldn't be automatic.

"All that a father can really give a son," says Mr. Coleman, "is an opportunity to show what he can do."

After getting an engineering degree from Cornell in 1925, he formally joined the company. "While being the son of the boss can give you an opportunity to do your stuff early, from then on you've got to earn it," he says.

Sheldon Coleman earned it.

In his words: "During the early days of the Depression, we were in terrible shape. We were in debt, and the company was losing some money. It was a very bleak picture, and many people thought we ought to take personal bankruptcy to get out of it."

## Family had faith

"But I had a plan that I thought would work. My family believed in it. My family believed in me, and I was only about 30 years old."

"At that time, my family placed all of their voting stock in my name. So I was really, at age 30, in control of the company, and I was also looking after our family affairs."

In 1932, Mr. Coleman became general manager. By 1940, he was chief executive officer, at a time when sales were less than \$6 million. Today, he is chairman of the board, and sales have

climbed to an estimated \$275 million for 1978.

If that sounds like a meteoric rise, there have been a few fizzles.

"We tried to get into the snowmobile business," says Mr. Coleman. "Our timing was abominable." After a few years of struggling, the snowmobile unit was sold at a loss.

"We tried manufacturing oil and gas space heaters in Europe. That project lost money."

"We scrubbed them both," says Mr. Coleman, and that is part of the Coleman corporate policy. "We either gain a position of profitable leadership in a relatively short time or we get out of that particular business," he says.

"This leaves us only in industries in which we have or are in the process of gaining a leadership position."

## 32 million lanterns

Clearly, Coleman is a leader in many areas of outdoor equipment and heating and air conditioning units for mobile and motor homes. But its best-known product is the lantern. Coleman has made 32 million of them.

Lighting—first a lamp, then the smaller lantern—was what founder W. C. Coleman started his company with in 1900. A former teacher, W. C. felt that rural America could improve learning and lengthen working hours if it had a bright source of light after sundown. He found such a light, which used gasoline under pressure to create the bright white light still typical of Coleman lanterns today. W. C. bought the rights, improved the product, and struggled to make his fledgling company a success.

A motto he developed along the way is still a guiding principle for his son: "Nothing is really sold until it is delivering satisfactory service for the user."

Coleman now makes about one million lanterns a year, including single and double mantel versions fueled by gasoline or propane, a kerosene lantern, and a battery-powered electric lantern.

Mantels—those mesh pouches that





Lantern assembly line employee Frank Dreiling (right) chats with the boss. Mr. Coleman's firm makes about a million lanterns each year.

create the light intensity for the gasoline, propane, and kerosene lanterns—are made by Coleman on the second floor of the first building it built, back in 1909 in Wichita, Kans. The mantels are called Silk-Lite, but since the 1930s they have been made of rayon. Workers produce 75,000 every day.

#### Nostalgic atmosphere

There are two golden lanterns in Sheldon Coleman's comfortable office in Wichita. Several years ago, his workers gold-plated the 15 millionth lantern and gave it to him as a memento. This pleased him very much. Several years later, he told one of his staff that he wanted to gold-plate the 25 millionth lantern, when it was made, and make a little ceremony of it.

"You can't do that," said the staffer, using a phrase not usually accepted by the chairman of the board.

"What do you mean," said Mr. Coleman. "I want to do it."

"Well, sir," came the irrefutable reply, "we've already produced our 25 millionth lantern."

So Mr. Coleman had to be content with gold-plating the 30 millionth lantern, a new model produced in 1976, which was presented to him on his 75th birthday.

"Every time I go by those lanterns," he says, "I look at them kind of reverently. That's where we started; the lantern has been very good to us."

It was in this nostalgic atmosphere

that Sheldon Coleman talked with an editor from NATION'S BUSINESS about leadership, the energy situation, and the future of Coleman and outdoor recreation.

#### You've stressed the importance of leadership. What are your responsibilities as a leader?

To me, leadership is a fascinating subject. Our corporate policy is to gain a position of profitable leadership in an industry or scrub the business. If you are going to do this, you have to face up to your mistakes and inability. You can't let pride get in the way and insist that, come hell or high water, no matter how much it costs, you're going to prove that you can be a leader in a field. Sometimes, you just aren't man enough to do it.

#### What are the advantages of leadership?

First, you cannot get a leading position until you have channels of distribution, a good path to market. You establish yourself in the marketplace one dealer at a time. It takes a while of a lot of hard work.

Having done that, you are hard to unseat. Once we get the lead, we're not going to lose it, because we've got an established distribution system.

Once you've gained a position of leadership, you almost have to throw it away to lose it.

Another thing is that leadership al-

lows a company to have a more extensive research and development program than companies with less volume.

Leadership means a better plant and more automation. So you have the most and the latest technically efficient equipment.

If your volume is higher, you can purchase better because everybody has volume discounts. And your suppliers identify you as a winner with potential for future growth.

There's still a final item. A leader will develop a consumer franchise. It isn't in the balance sheet, and it isn't in the profit-and-loss statement, but we've got 60 million Coleman products in use today in North America, and that kind of consumer franchise is probably the biggest asset a company can have. All those satisfied people using the product makes your advertising work better.

All these advantages are pretty potent in our book.

#### Do you have to be number one to be a leader?

No. I consider Ford a leader in the automotive industry. Coleman is a leader right now in the all-plastic cooler because we're among the top three. In every industry, there are usually two or three leaders.

A few years ago, you predicted that your O'Brien division, which makes water skis, would not do well because the oil shortage would cut back power boating. But O'Brien did very well. What happened?

At the time, we didn't think we were going to have oil running out of our ears. We've revised our views about the scarcity of fuels. O'Brien is now one of the fastest-growing divisions of the company.

#### Your business depends to a great extent on the consumer's use of energy. Do you believe that there is a serious energy problem?

As of now, no. And I do not think that energy is going to be a problem for the next three years at least.

Mexico has tremendous quantities of oil and gas; so does Canada. Both want to sell to us, but their prices are above what our government wants to allow.

The price of energy may gradually go up but not any more than inflation. We're not going to have a shortage of oil or gas for several years, maybe as many as five years.

Inevitably, the time will come. But



during the intervening period, there will be a lot more conservation. Right here in our plants, we are finding more effective ways to use energy. For one reason, it's economically to our advantage. Other forms of energy should be expanded—nuclear, hydroelectric, solar, wind, and coal.

We're not alarmists. There has been too much scare talk and not enough solid, sensible approaches to energy. We believe very strongly that price will have a profound effect on energy. As soon as the price of natural gas gets up to where it ought to be, we're going to find a lot more gas.

I think the same thing is true of oil. It's asinine to hold down the price and then say that letting the price rise would have no effect on finding more. The supporters of price controls should talk to anybody who is drilling wells around here. They'll find out awful fast what a little increase in price will do.

**In the past, you've called the Carter administration inept for failing to develop a comprehensive energy program. Does the current legislation, passed by the 95th Congress on its last day, change your assessment of President Carter's program?**

President Carter continues to prove that he is inept in energy matters. The energy bill passed by Congress is far better than Carter's original recommendations because it eliminates the inflationary wellhead tax on oil. The bill does deregulate the price of gas over a reasonable period of time.

**If and when an energy shortage does occur, what will you do?**

We are concentrating on things that are suitable for weekend camping—the smaller coolers, some of the smaller tents. We're giving special attention to items that people use for picnics or in their backyards. If there should be an energy crunch, these things would be the least affected. We are also concentrating on sailboats and canoes.

**You were involved in revolutionizing the cooler industry, weren't you?**

That's right. At the time we got into the cooler business, after World War II, they were built of galvanized iron. They weren't plastic at all. People said you couldn't mold a tub like that in one piece. So we invented the machine that does it—we call it the bubble machine.

What we did was heat the material, put air pressure underneath, and blow

a big bubble, just like a soap bubble. That resulted in an exact thickness all around. We let that cool and then used a big plunger to turn the bubble inside out and form it into the interior of a cooler. It was the first time anybody had done it.

Suddenly we came out with a definitely better cooler, and that vaulted us into a leadership position in portable ice boxes. We did the same thing with jugs.

**How does your sales volume compare with Thermos and Igloo?**

In some areas, they're ahead, and in some areas, we're ahead. When it comes to metal coolers, we're far ahead. The all-plastic cooler is developing into a good three-way horse race. I'm inclined to think that Igloo and Thermos may be a little ahead of us, but I'm not sure because we don't give each other the figures.

We're behind the competition in smaller coolers. They were there first and very successfully. We're the challenger. We're catching up fast, and of course, it's our intention within another couple of years to be number one. It undoubtedly is the intention of our competition to remain ahead of us.

**You've gone into a new outdoor field, the manufacture of canoes. Why do you think you'll do well against a giant like Grumman?**

We developed a better canoe out of some new materials that didn't even exist five years ago. When we entered the field, we had a better product and great value. The first year, we sold about 7,000 canoes. We went pretty easy because we wanted to be sure that our testing would be proved out in the field. In 1978, we sold about 20,000 canoes.

Grumman makes at least twice as many canoes as we do, but we intend to be number one within three years.

**You grew up in this company. What words define it?**

Leadership is one of the main assets, but other things are dedication and a desire to build products that fill some kind of definite, fairly fundamental consumer need.

Dedication is exemplified by the words quality and integrity. Believe me, we believe in those words. Anybody who works around here had better believe in them, too.

We're dedicated to the quality of our products. It's just fundamental. We've had sales employees who have tried to



Still influencing son Sheldon are founder W. C. Coleman and early lantern design.

cut corners. We get rid of them. There are lots of things you can train a person to do, but you can't train a person to be honest.

In fulfilling consumer needs, we try to stay away from fads. Our products do something basic. For instance, when you're camping, you need shelter. A tent is shelter. You need sleeping bags or something to keep you warm. Catalytic heaters. You've got to have light out there. Lanterns. You've got to have something to cook with. A campstove. You've got to have something in which to keep food and drink. Coolers.

After World War II, all we had in the way of outdoor equipment were the lantern and the campstove. We now have nine different lines in our outing products division, including heaters, coolers, jugs, backpack equipment, tents, sleeping bags, and canoes.

**You've been professionally involved with the company for more than half a century. How do you react to the rapid changes in our society?**

We've been fairly good at sensing trends; at least we give it quite a bit of attention. I think it's important for a company to be able to cope with change because the velocity of change is increasing all the time. Some people say we're all going to fly into a million pieces because everything is changing so fast.

But people are amazingly adaptable. For example, I think that our manage-



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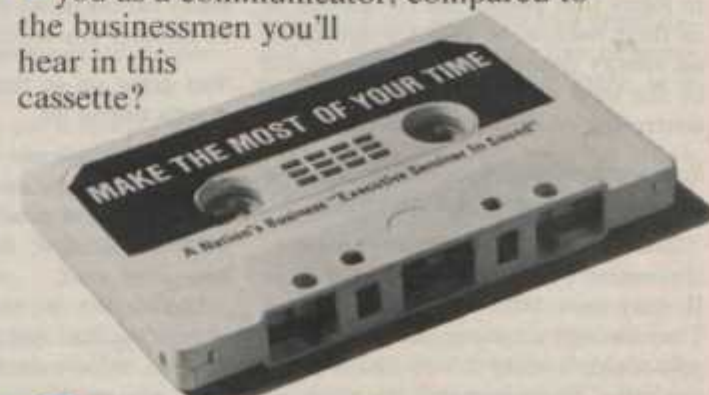
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ment group around here is as relaxed today as it was 20 or 50 years ago. I don't see us having nervous breakdowns. If anything, we're healthier because most of us are watching our weight and getting our exercise.

People will be able to cope with change, no matter how fast it comes.

As for the business, we think we can grow a little faster than the industry grows. We fight like tigers for our industry position. Of all our lines at the present time, I don't know of one in which we're losing position. In some, we're gaining.

**What are the keys to becoming and remaining a reputable manufacturing concern?**

I believe that product comes first. Does that mean that the product is more important than anything else? No. Let's remember it takes quality people to make a quality product. Also, it's probably not as important as research and development, but because product comes first, it's probably more important than the distribution system, or efficient production, or the balance sheet.

Unless you start with a really good product that fulfills a consumer need in a growing market and is produced and sold in volume at a price that is attractive, unless you start with a product like that, everything you do from then on is based on quicksand, not on solid rock.

Because if your product isn't right, all the advertising, sales promotion, and distribution just means that more people find out you have a lousy product.

**What about the quality of your products? Are they the highest quality available?**

Well, we have found that in designing a quality product you hit a law of diminishing returns.

That is, if you make the product a little better, you make it cost a great deal more. We put a lot of emphasis on optimum value. Is it going to give the customer satisfaction, both in use and in price?

For instance, we don't make a cheap sleeping bag. There are bags you can buy for \$10. We don't make such a bag. We don't think you can make a good sleeping bag that will retail for \$10. We can make a pretty darn good bag that will retail for \$20. We make an even better one that retails for \$30.

People might say we don't make the very best bag. Well, after all, there are people who have only \$20 to spend on a sleeping bag. We can give them a bag that will give them satisfaction for \$20. Now, we can give a person who has more money to spend a little better bag for \$25 or \$30.

The more expensive product isn't bigger or smaller, it simply has better materials. It's like buying a suit or anything else.



Sheldon Coleman, at his happiest when outdoors, also hunts and camps.

People want value, but they are interested in quality. They are interested in something that is going to last. We have to realize that everybody isn't loaded with money.

**What is the future of the recreational industry?**

Outdoor recreation is growing; there's no question about that. I don't see anything that can possibly stop it. In the first place, the age bracket of people who normally go in for outdoor recreation—25 to 40—is the fastest growing today. So the demographics are working for us.

There are six million more people employed full-time than there were a year ago. That's a lot more people with jobs.

Leisure time is increasing. I don't think the four-day week is going to come in a big rush, but you can't pick up a single new union contract that hasn't added another holiday. So, people are having more and more time off and more three-day weekends.

Not everybody goes outdoors, but a significant percentage of people consistently wants to get outside. Look at the boom in the recreational vehicle industry. We build heaters and air conditioners for recreational vehicles and motor homes, and that business is going well.

Also, the country is spending billions every year on our environment.

We're improving the land we live on, the air we breathe, the streams we fish in. Now, the outdoors is a more attractive place for people to go, and it's getting more attractive all the time.

Under all these circumstances, I don't see how there could be any decrease in outdoor recreation. □



Mr. Coleman's company vaulted into market leadership when it invented the machine that made possible the manufacture of plastic, insulated coolers.



To order reprints of this article, see page 71.



# The CBO—Specialists in Budget-Cutting

By Mary Paul

Congressional agency trims fiscal fat, ends funny money estimates, and earns top marks from economists

**L**AST YEAR Congress shaved the budget deficit by a third, from the \$60 billion originally proposed by President Carter to about \$39 billion.

"Congress hasn't gotten much credit for it," says Alice M. Rivlin, director of the Congressional Budget Office. "It was the first year we had that kind of cut."

Such surgery on the budget deficit was possible because of the CBO, which was set up to provide Congress with the economic expertise that Presidents have always had.

Dr. Rivlin was appointed CBO director in 1975. Previously, she was an economist at the Brookings Institution in Washington, D.C. The author of several books, including "The Role of the Federal Government in Financing Higher Education," "The U.S. Balance of Payments in 1968," and "Systematic Thinking for Social Action," she is up for reappointment this month. There is speculation whether she will remain as director, but Dr. Rivlin will not comment.

Instead, she relates an anecdote in which she told Sen. Edmund S. Muskie (D-Maine): "I don't want to be here forever, you know." Dr. Rivlin reports that Sen. Muskie's reply was: "Neither do I."

## Support for Congress

While the CBO was really put together under her aegis, Dr. Rivlin denies that it is a one-person outfit that revolves around her.

The CBO provides for Congress the same staff support which the President gets from the Office of Management and Budget. It supplies the Senate and



Alice M. Rivlin, who was appointed director of the CBO in 1975, is up for reappointment this month but may decide to leave. While the office was organized under her aegis, she has said: "I don't want to be here forever."

House budget committees with detailed analyses of proposed spending and long-term program impacts. One such analysis on social security financing concluded that the system was going broke. This helped convince Congress to pass the whopping increases in social security taxes, which take effect for individuals and businesses this month.

John McEvoy, staff director of the Senate Budget Committee, says the CBO "eliminates the funny money estimates that used to go on between the President and Congress."

The President's fiscal 1980 budget,

to be announced this month, is the working paper for the CBO and the congressional budget committees.

CBO prepares the economic analyses and other data which the budget committees will use as they formulate a budget out of what the President wants and what Congress decides should be authorized and appropriated.

With the passage of the Second Budget Resolution setting last fiscal year's expenditures at \$487.5 billion, the CBO now has four federal budgets under its belt.

"We give the CBO gold medals," says





Congress hasn't received much credit for cutting the budget deficit by a third, says Dr. Rivlin, a noted economist.

Mr. McEvoy. "The CBO is doing better than we are in many ways," says an administration source close to the budget process.

Before the CBO and the budget committees were set up, the budget process on Capitol Hill was piecemeal.

Legislators had only the administration's figures to work with; lacking any analysis, they were often literally spending in the dark. Congress approved appropriations without ever considering the impact of individual programs on the total amount of funds.

By the time the budget reform legislation was passed in 1974, Congress was in the habit of authorizing tens of billions of dollars more than the appropriations committees would approve. The budget process was long, often delayed, complicated, and highly political. It was also totally ineffective at keeping spending down.

In the early 1970s, some members of Congress decided it needed to produce its own budget figures, supported by airtight and credible arguments that would give Congress a factual basis for its budget decisions.

The CBO is nearly without critics in fashioning its financial analyses. "We

wouldn't have been able to cut the budget the way we did last year without the CBO because the process was always so political before," says a high-ranking Senate source. "The CBO has liberated Congress and given it a chance to look at the real numbers."

Dr. Jack Carlson, a member of the CBO's sounding board of economists, notes that the top CBO staff people are mainly from the Kennedy and Johnson administrations.

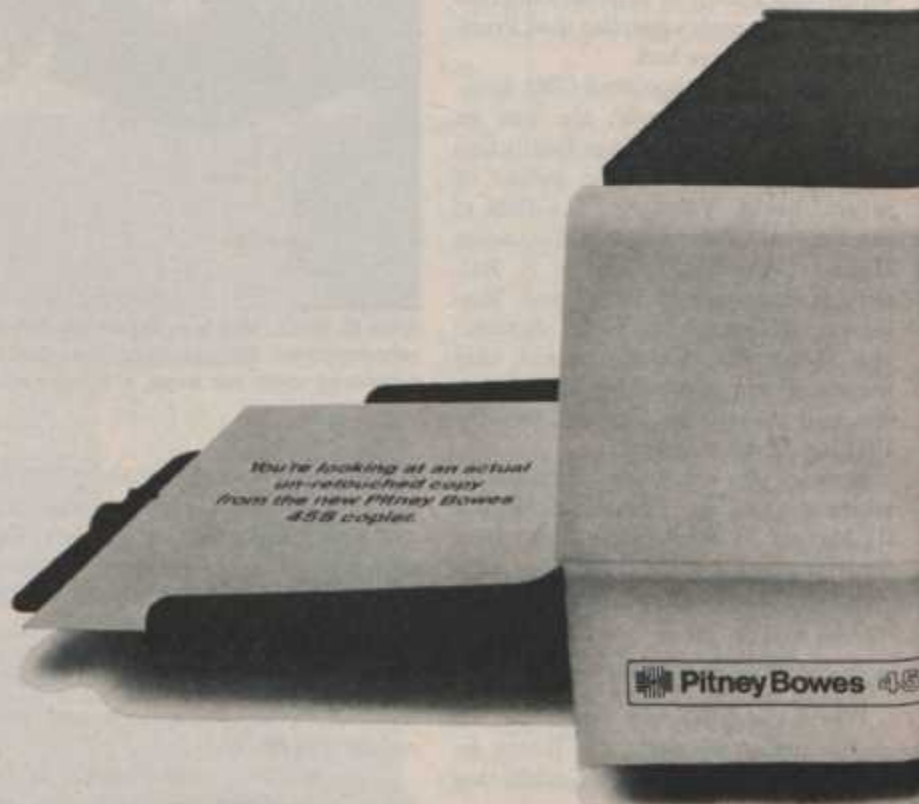
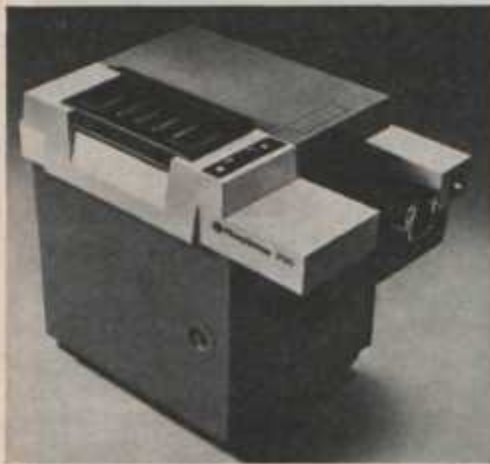
#### Liberal leanings

"The CBO tends to be liberal and oriented toward progovernment solutions," he says. "That doesn't mean they're not good people; that's just the philosophical orientation they have."

Dr. Carlson, chief economist for the Chamber of Commerce of the United States, gives the CBO high marks for its way with numbers. "The CBO has more capability for economic policy analysis than exists anywhere in the government, including the Office of Management and Budget," he says. "Consequently, the CBO has quite a bit of influence."

Comparisons with OMB are inevitable for the CBO. Both offices deny any

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competition, but recently the CBO has been more accurate in estimating spending figures. With a staff of just over 200, compared with more than 600 at OMB, the CBO is rather proud of its record.

### High estimates

A chief factor in OMB's budget work is the tendency of government agencies to overstate their needs so that they can underspend. Says an administration official: "The financial management system of the federal government is designed to discourage overcommitment. If you spend more than you are allotted, you are penalized, but if you spend short it's all right. All the incentives are toward making sure you don't overobligate."

Consequently, administration budget estimates run high.

The CBO cannot afford to accept agency estimates at face value. Says James L. Blum, assistant director for budget analysis: "Since the congressional process works with binding ceilings under resolutions, it is imperative that the CBO obtain the most accurate estimates possible. If the shortfall were to persist, the credibility of the

congressional budget process would be called into question."

Governmental regulation also puts the OMB off balance in its projections. "Regulation has really cost the agencies in terms of management," says a government official. "Because of the paperwork involved in many federal programs, it takes longer to carry them through than it used to. This makes estimates more difficult."

The CBO also gets consistently higher marks from the congressional budget committees than OMB. When the Senate Budget Committee prepared its recommendations for the Second Budget Resolution, says Mr. McEvoy, "we took the CBO figures as more authoritative."

Says a House Budget Committee source: "The CBO also does an outstanding job on the budget, and it is motivating OMB people to crank up their technology and improve their ways."

Dr. Carlson sees the CBO's growing authority and influence as ominous for the President. "Presidential capability in this area is now second to Congress's. This makes the President a weaker negotiator with Congress if his

information can be discredited," he says.

"There is a drift of power from an imperial presidency to an imperial congress" because of the budget process, says Dr. Carlson.

OMB must rely on federal agencies to do the original estimating that finds its way into the President's budget. The CBO often goes to the field for its information.

### Overstated needs

An example of this is the Environmental Protection Agency's construction grants for municipal sewage treatment plants, an area in which the agency has consistently overstated its needs. In this case, says Mr. Blum, "we have gotten to the point where we don't give much credence to Washington. We prefer to go to the field for our information instead. That's the only way we can develop our independent estimate."

Mr. Blum's budget analysis division has 70 full-time employees, about a third of the entire CBO staff. They handle budget estimates, projections, and the tricky business of keeping score as spending bills move through




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Congress. "We run flat out from the middle of this month until the latter part of May, when the volume of bills being reported tapers off," he says.

## Quicker estimates

The scorekeeping operation began with a nucleus of four staffers from the old Joint Committee on Expenditures. It had been a manual process and, says Mr. Blum, "it became clear we couldn't use this system and keep up with the pace."

The scorekeepers went to automation, and now the CBO spends \$2 million a year for computer services. These help the staff follow budget legislation through the various committees and re-estimate figures as needed.

Estimating the costs of proposed bills is another area where the CBO has picked up noticeable speed. With a limited staff of 30 covering more than 40 standing committees, it was at first difficult to deliver estimates to the committees in time for their consideration. Mr. Blum reports that, initially, the staff was able to make cost estimates on only 50 percent of the bills reported, but now the CBO has a batting average of more than 90 percent.

"We had to get the committees to work with us far enough in advance to be able to make an estimate," he says. "The committees had been asking for estimates on 24-hour notice."

Hiring of staff has also become more skilled. The CBO is now interviewing economists for ten slots on the inflation impact statement team which will begin cranking out analyses this year.

## Vast impact elsewhere

While the CBO is best known for its budget and economic analyses, it also has vast impact on legislation often unrelated to the budget process.

During the recent debate over legislation to deregulate natural gas, Sen. Muskie, chairman of the Senate Budget Committee, asked the CBO for a report on the impact of the bill, which the senator would normally oppose because of his Maine constituency.

The CBO report convinced him that, without the bill, the overall economic damage to individual homeowners nationwide would far outweigh small increases in the price of natural gas. Not only did the CBO report convince Sen. Muskie; he circulated it to rally support among other legislators opposed to the bill. The 95th Congress approved a compromise natural gas deregulation bill just before adjournment. □



## Cotton Is Wearing a Crown Again

J. Dukes Wooters, Jr., is the crown prince of cotton. "King Cotton never abdicated," says Mr. Wooters, president of a marketing and research company called Cotton Incorporated. "It just let polyester take over the palace."

During the 1960s, synthetic fibers ravaged the cotton market; cotton's share of total fabric production went from 65 percent in 1960 to 29 percent in 1973. Their livelihood in tatters, the cotton farmers came to Mr. Wooters.

"I didn't know a cotton plant from a boll weevil," he says. "But I did know marketing. I told the farmers they had a great fiber but they didn't know how to sell it. Selling is synonymous with marketing."

First, Mr. Wooters had to sell the farmers on competition. He set up Cotton Incorporated, which is financed by about 95,000 farmers who contribute according to how many bales of cotton they sell. The company has marketing offices in New York and research facilities in Raleigh, N. C.

"With the farmers' support, we began a double-stemmed campaign to regain our market," says Mr. Wooters. "Cotton farming had become dependent on government subsidies, and as a result, the industry had stood still. 'Cotton people were still pushing the 100-percent-cotton approach at a time when the mills were synthetic-oriented. They were using only 20 to 40 percent cotton in their synthetic blends. If we could make that synthetic blend a cotton blend, we would create new uses for cotton.'"

Mr. Wooters focused on selling that idea—the result was a turnaround from the usual 65 percent synthetic, 35 percent cotton blend to a 60-40 natural cotton blend. Cotton's share of the fabric market, which includes apparel and home furnishings, reached 39 percent last year.

A good part of that turnaround hinged on research and Mr. Wooters' dogged quest for more efficient ways of producing cotton. "We analyzed the cost of a bale of cotton," says Mr. Wooters. "We found that half the cost occurs from the stalk in the field to the mill door. Applying modern material handling methods—



J. Dukes Wooters didn't know a cotton plant from a boll weevil at first.

all we did was design compactor ricks that could carry three times as much cotton—we showed the farmer how to save \$24 a bale, when cotton was selling for \$250 a bale."

Mr. Wooters also discovered a garret inventor—"he may be the second Eli Whitney"—who had devised a new method of cleaning cotton. "The product is grown outdoors so you get a lot of dirt and trash in it. Even after conventional cleaning with a gin, what is called pepper trash remains, and this weakens the fibers as they are spun."

"This recluse inventor came up with a machine that supercleans the cotton, resulting in fewer defects and breaks in the final product. So far, he has sold eight units to mills. They used to clean about 75 pounds of cotton an hour. Now they can clean 750 pounds an hour."

Not wholly content with cloth, Mr. Wooters has also gone after the non-woven market. "Disposable diapers and wipes. Why shouldn't they be made of cotton instead of rayon? Cotton is a softer product, it is strong when wet, and it breaks down faster in the environment," says Mr. Wooters.

Several manufacturers are now asking themselves that same question—why not cotton? Several shirt manufacturers have already answered the question. In the spring, Arrow and Van Heusen will

introduce a button-down broadcloth shirt, all-cotton, no-iron.

Polyester can keep the palace, says Mr. Wooters. Cotton Incorporated is winning back the kingdom.

## Maid Firm Makes Life More Livable

Coralee Kern was lying in a hospital bed when she first thought of starting a maid service. "I couldn't work because of my health problems," she says, "but I wanted to do something to occupy my mind and bring in a steady income."

Maid-To-Order, the domestic service she founded in 1971, was made to order for her.

"It was very difficult at first to run a business from a hospital bed. Once I got organized, I realized I could actually get more done in bed than from behind a desk."

While in a hospital bed, she had her son, Kevin, then 15 years old, interview all the applicants in a small office she had rented in downtown Chicago.

Initially, 30 domestics were hired. Today, there are more than 300.

"This was definitely the business to go into," she says, "because of the way life-styles are evolving."

**"With so many older women returning to the work force, and younger women choosing careers over home life, people won't be able to get along without household help."**

Ms. Kern says she subtly stresses that people should not feel guilty about needing domestic help.

She solicits clients on luxurious bond stationery, dresses her domestics in gold uniforms "because our women are as good as gold," refers to them as household technicians, and fosters an elitist attitude. Domestic help, she says, makes life more livable for everyone.

Maid-To-Order cleans apartment buildings, businesses, and private homes. Among the more elite clients are movie stars Lana Turner, Mickey Rooney, and Ann Sothern, and corporations such as Standard Oil Co. (Indiana), First National Bank of Chicago, and Arthur Andersen & Co.

"After several months of operation," Ms. Kern says, "we actually had to turn





Coralee Kern isn't bothered about any social stigma attached to maid service.

down clients because we just had too much work to handle."

The company charges customers \$7 an hour for a minimum of four hours of house or apartment cleaning. Domestic help is paid roughly half that amount depending on length of employment.

Maid-To-Order offers not only quality domestic help but also bartenders, waiters, and waitresses for parties and house-watching services.

Ms. Kern says she is now franchising the business. The first branch will locate in Kansas City, Kans., with other franchises planned for Miami, New York, and Washington, D. C.

What about the social stigma attached to being a maid?

"It used to bother me," Ms. Kern admits, "but it doesn't anymore. I think many attitudes will have to be changed because the value of the domestic worker is going to increase tremendously."

It's not quite "Upstairs, Downstairs," but on the other hand, maids have come a long way from the days when women used to line the streets of the Bronx in New York waiting for the wealthy to drive up and hire them for a day's work.

"I am a broker of household technicians," says Ms. Kern. "Today people need trained professional domestics just as they need a plumber or an electrician. That's what Maid-To-Order is all about."

## Ex-Prosecutor Sells Honesty to Companies

Jules Kroll wants to keep everybody honest. "It's not that I am any more or less honest than the next guy," he says. "I'm just more conscious of honesty."

Understandably, for honesty is Mr. Kroll's business. In 1972, he founded

Kroll Associates, which set out to help companies reduce procurement costs and control inventories. Over the years, Mr. Kroll has expanded into helping companies establish an atmosphere of honesty for employees and ferret out those who are dishonest.

"Most people are honest naturally and want to remain that way," says Mr. Kroll. "But if you're the new employee among 20 purchasing agents at a company, and every one of them is taking kickbacks, it won't be long before you, too, will be on the take."

**What is a new employee to do? Play the rat fink and tell the bosses? "They probably already know," says Mr. Kroll. "That is the problem. Top management must insist that honesty is important, a way of working life, and it must reward those who are honest and expose situations that are costing the company money."**

But doctors don't tell on doctors, and lawyers don't tell on lawyers, and most managers would be loath to break the conspiracy of silence. Telling the vice-president that the guy you recommended for a raise last month has been systematically inflating shipments over the past year will reflect more on the trusting manager than on the untrustworthy employee, says Mr. Kroll.

All too often the dishonest employee is permitted to resign, he says. There is no thought of prosecution, or even of warning his prospective employers.

"Today, many companies are so concerned about potential lawsuits that they refuse to let their personnel departments give out negative references. The most negative they will be is no comment. Which has become a euphemism for 'there's trouble here.'"

Mr. Kroll, who is based in New York, points out that there is a high degree of recidivism in white-collar crime because the dishonest employee is rarely pros-

ecuted. "Half the states in the country," he says, "have no law against commercial bribery. Even in New York, where I was a public prosecutor, the penalty is \$500 or 90 days in jail, which is hardly a deterrent."

If one man's dishonesty is another man's perk, where does a company draw the line? And how do employees know when they are crossing it?

Mr. Kroll advises companies that the first step in creating an atmosphere of honesty is to pay employees in proportion to their responsibility. "If you have a person handling millions of dollars worth of supplies every year, and you are paying him \$15,000, you are effectively saying that it's okay to accept something extra from suppliers."

The line is flexible, says Mr. Kroll. The important thing is that the company know what its employees are doing. "Common sense is a general rule of thumb," he says. "For instance, if somebody takes you to lunch, the next time you go out with that person, you should take him."

"A lot of people, however, depend on certain people to pick up the tab. And that leads to dinner tabs, and gifts, and so on into outright bribery."

"You have to stay clear of feeling that you have to do something for somebody because they have done something for you," says Mr. Kroll. "The company has to establish a policy and ensure that its employees are in sync with that policy."

There are times, says Mr. Kroll, when the honesty business is frustrating. "We don't develop a new product that is the answer to everyone's prayers. We deal with negatives, wrongdoing, the downside of business, the back door through which a good many profits are escaping."

Of course, if everybody in business were honest, Mr. Kroll might be out of business. □

Jules Kroll won't accept the excuse that "everybody is doing it" from employees.





# LUMBER & PAPER PRODUCTS:

## A Sizable Stake in the Economy

Nation's Business  
**INDUSTRY  
SPECIAL  
REPORT**



By Michael Thoryn

**F**ORESTERS say that a 17th-century squirrel could have traveled from the Atlantic Coast to the Mississippi River without touching the ground.

Certainly, the Massachusetts Bay Colony Pilgrims had no way of knowing that the vast forests surrounding their small farms extended 1,500 miles inland. Nor were they aware of the timberland blanketing the Pacific Coast.

factories. Those buildings that don't use wood structurally often use it decoratively to soften the hard lines of metal, glass, or masonry. Cabinetry, shelving, furniture, partitions, work benches, pallets, containers—all are often made of wood.

Wood is also the basic ingredient for a remarkable array of paper products. For example, lightweight cartons for eggs

tional Forest Products Association, a major industry group, says: "The wood and paper industries account for 6.7 percent of the total value of shipments by all manufacturing industries—about \$80 billion annually. We employ more than 1.4 million people, with a payroll amounting to \$19 billion annually. In addition, in 1976, the capital expenditure of forest industry companies was \$4.2 billion—more than ten percent of the total of all manufacturing industries."

Mr. Oswald, who is also president of Simpson Timber Co. of Seattle, Wash., adds: "The forest products industry is cost-competitive on a worldwide basis, and therefore is capable of bringing in much-needed dollars to help the trade balance. The industry's competitiveness results primarily from the highly productive growing capacity of our forestlands."

### Cruelty of the problem

Despite U. S. status as a warehouse of wood, an industry that waits 30 years or more for a raw material to be usable naturally worries about supply. While demand for wood and paper products is increasing, the land base on which crops of timber are being grown for harvest is shrinking.

A decision on how much national forestland will be dedicated to commercial use, including tree growing, and how much to untrammelled wilderness may be made this year when Congress considers recommendations laboriously prepared by the Agriculture Department's U. S. Forest Service.

Fifty-nine percent of commercial forestland—the acres available for growing harvestable trees—is owned by about 4.5 million private individuals. Federal, state, and local governments own 28 percent, and the forest industry has 13 percent, or 67.3 million acres—about the size of Oregon.

Yet each group supplied about a third of the 1976 timber harvest. John Hall, vice-president for resources and envi-



Wood, the renewable resource, is the basic ingredient for a remarkable range of essential products that find their way into home and industry.

More than 350 years after the Pilgrims landed and with a population topping 219 million, one third of the land is still forest: 753.5 million acres.

The colonists used the readily available wood for shelter and fuel; they carved, split, or bent it to make tools, furniture, and barrels for storage; wooden spikes held together the timbers of ships that transported lumber to Europe. And despite today's lightweight metals, malleable plastics, and wonder materials, trees are still essential to America's standard of living.

Wood is basic to the construction of many of the nation's homes, offices, and

and tissues for the nose come from wood. So does the heavy-duty paperboard used to ship frozen poultry, meats, and other foodstuffs. Paperboard is the customary container for needles and nails, refrigerators, clothing, and candy.

Plentiful and relatively low-cost, paper is also the medium of communication for such ubiquitous items as newspapers, paperback books, tax forms, and letters from home.

Timber is unique among the nation's major natural resources—it is renewable. It is also a bulwark of the national economy.

Gilbert L. Oswald, president of the Na-



ronment at the forest products association, says that tree-growing firms get about twice the yield obtained on government land and more than double what individuals get.

"All owners must improve forest management practices if we are to have the wood we need," he explains.

During the debate over a national forest policy, the industry has been boost-

ing utilization of every log and every acre. Weyerhaeuser Co. of Tacoma, Wash., the U.S. firm with the largest timber inventory, says that in 1950 about 21 percent of the yield from a typical acre of the company's lands would have been used as lumber; the rest was regarded as waste.

By the mid-1970s, the company says, that had changed dramatically: About 28

percent of an average yield was going for lumber, ten percent for plywood (sheets of wood glued together for strength), nine percent for particleboard (flakes and shavings glued and pressed together), 32 percent for paper, and the remaining 21 percent (bark and sawdust) for fuel to fire the industry's boilers. Besides saving the substantial expense of buying conventional fuels, some mills generate surplus steam or electricity which they sell to nearby cities and towns.

### Harvesting time saved

Time is saved at harvest by clear-cutting all the trees in a particular stand, a forest practice that gives some people a negative image of the industry. "We can't harvest behind closed doors like in a slaughterhouse," says a lumberman.

Clear cutting opens the way for quick replanting and intense cultivation of the new growth. Over several crop rotations, the accumulation of waste on the forest floor is reduced—partly because the trees and branches killed by insects, disease, or winds can be removed, and partly because there is less wasted wood in younger trees.

Overall, says William I. Moshofsky, vice-president of government affairs, transportation, and environment at Georgia-Pacific Corp., the value of U.S. forestland should not be underestimated. He adds:

"The forest products industry has a sheikdom, not of depletable oil but of wood fiber, which is renewable, versatile, and loaded with potential."

Renewability is so attractive that Mobil Corp. already owns Container Corp. of America and Occidental Petroleum Corp. is angling to buy Mead Corp.

Although forest products firms have constant contacts with government concerning conservation, clean air and water regulations, and lumber prices, the most important issue is timber supply.

### Withdrawn from use

The industry and environmental groups have squared off on RARE II, the acronym for the forest service's second roadless area review and evaluation.

This is an attempt to inventory and assess 56 million undeveloped acres in the national forest system, about half of which are considered commercial forestland. From the inventory, land will be added to the existing 19 million acres of wilderness that are withdrawn from multiple-use purposes such as oil and mineral extraction and logging.

Besides RARE II, the Interior Department's Bureau of Land Management is

PHOTO: INTERNATIONAL PAPER CO.

Forest products firms have spent millions of dollars in recent years to bring mills into compliance with stringent federal clean air and water standards.

Innovative research thrives in the sawmill. Weyerhaeuser Co., for example, minimizes sawdust and boosts production by using thinner saw blades.



reviewing the 470 million acres under its control for suitable wilderness land.

Wilderness—a term that is widely misused—is defined in the 1964 law that created the National Wilderness Preservation System. Wilderness is “an area where the earth and its community are untrammelled by man, where man himself is a visitor and does not remain.” Roads and motor vehicles are barred,

The Wilderness Society, a leading environmental group, calls RARE II a threat to conservation. Tim Mahoney, RARE II coordinator for the society, says: “The U. S. paves over more land each year than we protect.”

“Powerful antiwilderness lobbies are leaning hard to get most of the remaining roadless land within our national forests officially declared nonwilderness

quately funded in recent years. Mr. Hodges explains that it takes money and trained personnel to lay out a timber sale. Because the forest service has become increasingly shorthanded, it is less and less able to put timber on the market. The result, Mr. Hodges says, is trees dying of old age or being blown over, without new trees being planted. He says smaller logging firms heavily de-

## Watching the Trees Grow —From Space

St. Regis Paper Co. is using two satellites to monitor 1.7 million acres of company land in the southeastern United States.

That's the most far-out example of the steady pace of research and development carried on by lumber and paper firms.

William R. Haselton, St. Regis president, says the company's cooperation with the National Aeronautics and Space Administration results in “accurate, repetitive information on timber inventory. With the satellites overhead, we can look regularly for insect infestations and get a better feel for timber growth and fertility of the soil,” he says.

Back on earth, foresters, often working at large research centers, have reduced the growing cycles of Douglas fir from 150 to 40 years and of southern pine from 60 to 35-40 years.

“These results are accomplished through genetic research, sound forest management, and disease and fire control,” explains Harry J. Kane,

a vice president of Georgia-Pacific. Other innovations and developments:

- Some mills are increasing yields from logs by as much as 15 percent by a technique called best opening face. Computerized log positioning equipment selects both the place for the first cut and the best of eight sawing methods.

- International Paper Co. has developed a paperboard tray for frozen vegetables that can be used in microwave ovens.

- Kenaf, a fibrous plant resembling giant wheat shoots, that can grow 15 feet in a season, could eventually supply part of the nation's newsprint, thereby decreasing reliance on Canadian pulp producers.

- Forest-based firms are making more use of chemicals and by-products derived from wood. Turpentine, for example, once mainly a paint solvent, is used increasingly to produce pressure-sensitive adhesives, insecticides, and flavor and fragrance chemicals.

- Recycled paper provides more than 20 percent of the fiber used in the manufacture of new paper products, using half the energy and with no decrease in quality.

- With the demand for wood esti-

mated to double between now and the year 2000, several firms are developing supertrees. The idea is to mass-produce identical copies of superior trees—thereby cutting the lengthy breeding process. International Paper says its supertree plantations already yield three times as much fiber per acre as mature undamaged forests.

Increasingly, scientific techniques and intensive farming methods are helping Mother Nature in the nation's forestlands. The result is more wood from fewer trees.

PHOTO: AMERICAN FOREST INSTITUTE



About 20 percent of all paper and paperboard products is recycled.

and visitors may travel only on foot, horseback, or by canoe.

David Luken, director of energy and resources policy at the Chamber of Commerce of the United States, says the RARE II wilderness debate will be the biggest natural resource issue in the 96th Congress.

“Our small wilderness system could go to 200-300 million acres,” Mr. Luken says. “You can't go around locking up millions of acres without hurting the American lumber and paper industry.”

However, the industry supports RARE II because firms want to know what acreage will be available. In contrast,

and dismissed from possible preservation once and for all.”

Mr. Mahoney adds: “These roadless areas offer invaluable wildlife habitat and watershed protection and are used and enjoyed as wilderness by millions of Americans.”

As the man in the middle, the forest service promises to preserve the best wilderness land and return most of the rest to other uses including timbering.

Timber harvests on forest service land may already be lower than they could be. Ralph Hodges, executive vice-president of the forest products association, says that the service has not been ade-

pendent on federal land are operating on the ragged edge.

George H. Weyerhaeuser, president of Weyerhaeuser Co., says a solution is needed soon. “After full public discussion and debate, there must be a decision,” he says. “Instead, we seem to be caught in a cycle of plan, hold hearings, legislate, litigate, and legislate again to adapt to or overturn court decisions.”

While waiting for a decision on RARE II, the industry is also concerned about the Environmental Protection Agency's review of the herbicide 2,4,5-T.

The forest products association considers the chemical both safe and vital





to forest productivity; it controls weeds and brush competing with young conifers and has resulted in a 40 percent average increase in timber volume at harvest. EPA is investigating whether the compound causes birth defects or cancer.

Better known to the general public is the part that increasing lumber prices play in the rising cost of construction.

At a recent hearing of the Council on Wage and Price Stability, builders blamed forest products manufacturers who blamed the forest service. Everybody blamed big government for the high cost of construction materials.

Undisputed was the fact that the volatile home building market consumes nearly half of U. S. lumber. In the boom years of 1977 and 1978, lumber prices were higher. This year, the experts are predicting a drop in housing starts because of tight mortgage money; lumber prices could dip.

Taking up some of the slack will be the growing market for wood products used in alteration and remodeling.

In 1977, construction spending in this sector topped \$14 billion, one quarter of the value of new single-family homes. Expressed in constant uninflated dollars, remodeling increased by a third between 1973 and 1977.

And in this age of oil and gas, sales of wood stoves are booming. Wood, man's

oldest fuel, heats millions of homes and, surprisingly, supplies Americans with as much energy as hydroelectric or nuclear power plants do.

### When paper began

From the time man appeared on earth, he sought to improve his exchange of ideas and to record his thoughts for future generations.

Cavemen laboriously drew pictures and symbols on stones, walls, and bones. Much later, people used other surfaces like beeswaxed boards, palm leaves, bronze, silk, and clay tablets.

Paper, as we know it today, was invented about the time of Christ by Ts'ai Lun, a Chinese court official. In all likelihood, Ts'ai mixed mulberry bark, hemp, and rags with water, mashed it into a pulp, pressed out the liquid, and hung the thin mat to dry in the sun.

Today's basically similar paper-making process results in thousands of paper and paperboard products ranging from smooth opaque dictionary paper that stacks up at 1,000 sheets to the inch to corrugated board that can hold hundred-pound loads.

Some experts believe new product development in paper is virtually unlimited.

"We combine it with rayon and fiberglass, laminate it to burlap and metal foils, and improve its resistance to moisture with wax, asphalt, polyethylene,

starch, and other materials," says Harry J. Kane, Georgia-Pacific vice-president for finance.

"Where we have lost markets in packaging to plastics, we have found others by combining polyethylene and paper to produce durable foodboard. There will be new grades of paper as new processes come on the market.

"Paper will also become lighter while maintaining opacity as postal rates put pressure on publishers to save weight," Mr. Kane says.

"Competition will bring even more varieties in color, size, and surface texture of household tissue... the market for disposables will most likely grow with the increasing use of paper smocks for adults as well as diapers for infants."

### South to dominate

The American Paper Institute in New York City expects paper and paperboard capacity to reach 72.6 million tons in 1981, up slightly from an estimated 67.5 million tons last year.

The API notes that the southern states will continue to dominate paper and paperboard manufacture with about 50 percent of the U. S. total.

One of the significant trends in recent years has been the small number of new mills built. Instead, existing mills have been enlarged, and the industry, which uses vast amounts of water to process wood pulp, has spent more than \$3 billion complying with fishable and swimmable standards set in the 1972 Water Pollution Control Act.

### Renewable resource

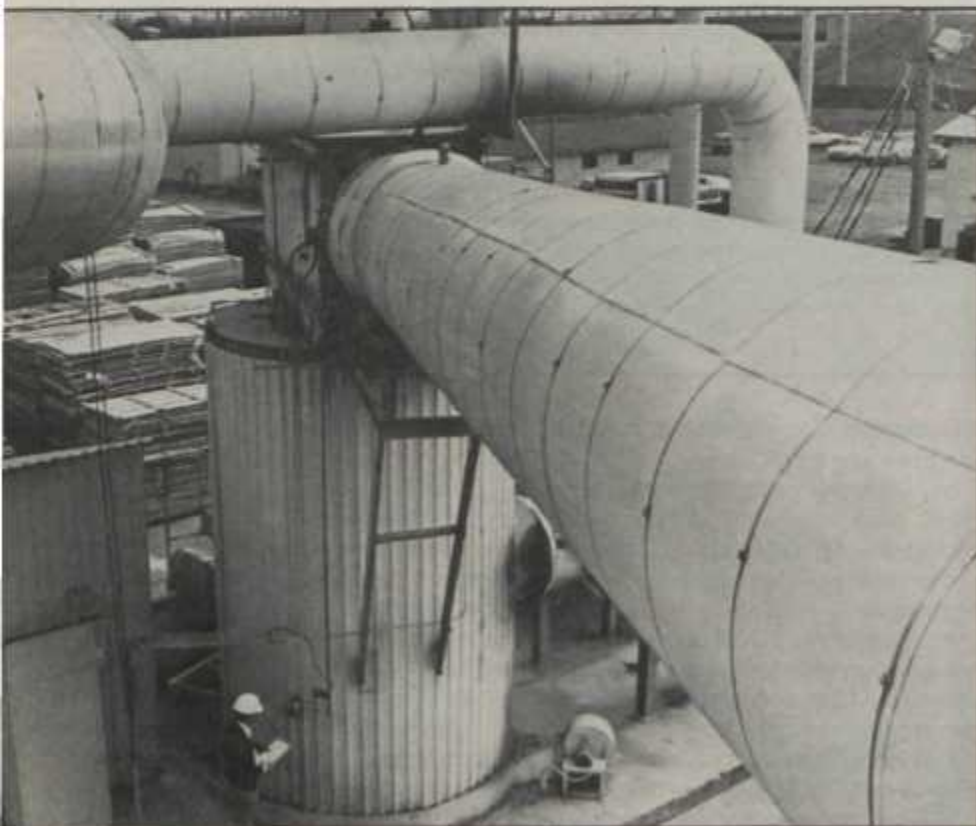
Those involved in the nation's forests must always think of tomorrow.

While other resources are depleted, trees are harvested. And tiny seeds are nurtured to produce the next crop. For the present, the forest industry looks to tree-cutting in the underused national forests, which hold 52 percent of all softwood timber, to supplement the more productive industry-owned land.

Says Sen. Frank Church (D.-Idaho), a ranking member of the Energy and Natural Resources Committee: "Competing demands for forestland bring immense challenge.

"If we strive to preserve and perpetuate our woods and to balance carefully competing forest uses, only then will we have a rich inheritance to pass along to our progeny."

The squirrels will appreciate that inheritance, too. □

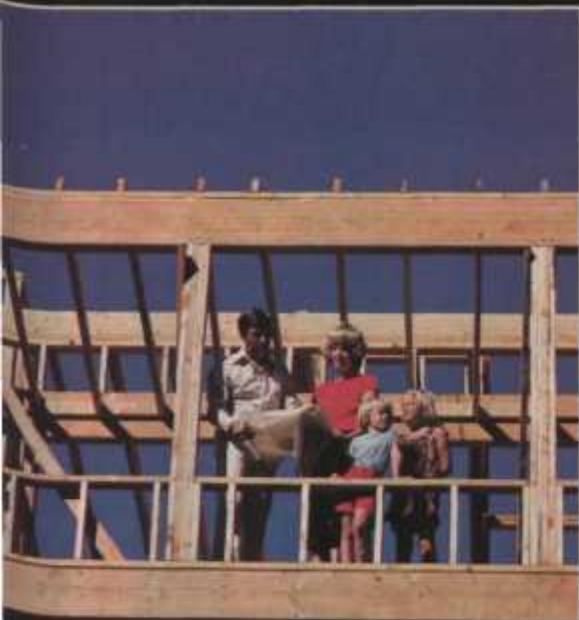


Wood particles can replace natural gas or electricity as an energy source. This two-story heat cell dries veneers at a Georgia-Pacific plant in Eugene, Oregon.



To order reprints of this article, see page 71.





Americans are among the best-housed people in the world because of our ample lumber supply.

PHOTO: INTERNATIONAL PAPER CO.



Production increases are coming from the laboratory, where research is keyed to selecting, breeding, and reproducing genetically improved, faster-growing trees.

PHOTO: MEYERHABER CO.



Paper packaging of popular food and household products in a variety of sizes has been a major factor in the growth of self-service supermarkets.

PHOTO: AMERICAN FOREST INSTITUTE



PHOTO: ST. REGIS PAPER CO.

About 30 percent of U. S. timber is converted to pulp and paper products at mills such as this one owned by the St. Regis Paper Co. in Bucksport, Maine.



PHOTO: NASA

Earth-orbiting satellites are used to monitor lumbering and reforestation. In this infrared photo of Oregon's coast, mature trees are red, new growth is pink, cities and populated areas are blue, and lakes and the ocean are black.



# Business Life-Style

Stamps commemorate many things: people, places, events, and natural resources. Each of these categories has a group of devoted collectors.



PHOTO: ENRPHOTO



Ideas for stamps come from many sources, but all generally start as drawings.

You really don't need specialized tools to be a stamp collector, but the real hobbyists use special tweezers and magnifying glasses, such as these from the Bethesda, Md., Philatelic Exchange.

PHOTOS: U. S. POSTAL SERVICE



PHOTO: SARRY BLACKMAN—LEHMAN





# STAMP COLLECTING: It's a Magical History Tour

By John Costello

**A** FARAWAY PLACE, not so much in miles but in myth and mystery, veiled in legend, distant in time, real but inaccessible.

A tiny, brightly colored piece of paper is the magic carpet that can take you there.

For some, that's the thrill of stamp collecting.

It's a road to everywhere the foot may never travel, but the imagination can.

Golf can take you into the sunshine. Tennis can make you feel fit and frisky. Skiing brings you to that seductive razor's edge between pure pleasure and sheer terror.

But stamp collecting is the Yellow Brick Road.

**H**IS HOBBY takes Basil C. Pearce back to the colorful days of the California Gold Rush.

"The first stamps I bought," he says, "were probably those with cancellations of old ghost towns.

"Many of those little towns sprang up around the mother lode where gold was discovered. When the ore played out, the towns disappeared.

"They had colorful names—Murderer's Bar, Rich Gulch, Red Dog, Buckeye, Churntown, Mud Springs, Timbuctoo.

"You can't find them on today's maps, of course. You have to get an 1850 or 1860 map of California. But

many of the towns are still around, deserted, or maybe with a handful of people."

Mr. Pearce, vice-president and manager of the history department for the Wells Fargo Bank in San Francisco, backed into stamp collecting. It wasn't an early interest or his first love as it is with many philatelists.

"My interest," he says, "in college and earlier was California history. It wasn't until after I married that I was introduced to stamp collecting by my father-in-law. He was a great stamp collector and postal historian.

"History was our common bond. He got me interested in the postal history of California and the West.

"The cancellations and the envelopes tie stamps and history together. The markings on the envelope tell where the letter originated and where it went.

"In the early days of California, people moved around a lot. So the letters were forwarded with many markings on the envelope.

Those often add up to a fascinating story. Gold brought people here from all over the world."

**M**ANY PEOPLE share the San Francisco banker's hobby, but how many is hard to say. The U.S. Postal Service says 22 million Americans collect stamps.

George T. Turner, an internationally known Washington philatelist, laughs at the estimate.

"The Post Office," he says, "has been saying that for 20 years."

Perhaps the nose count depends on the definition. Millions of girls and boys save stamps. They have albums or shoe boxes full of them. Stamps are easy to acquire and inexpensive. You can peel them off an envelope for nothing or buy packets of them from dealers for a few nickels.

Some adults own stamps as they own stocks, bonds, gold, real estate, or objects d'art—as an investment. Neither are serious collectors or philatelists.

**T**HE PHILATELIST spends a lot of time, but not necessarily a lot of money, learning about stamps and assembling a collection. It's a labor of love.

You're likely to find him or her in groups like the American Philatelic Society, which has 46,000 members, or the American Topical Association, which has 10,000 members in 90 countries.

Or in one of the many, many smaller societies. One directory of associations has 16 columns of type listing philatelic groups, from the Aerophilatelic Federation of the Americas to the War Cover Club.

And even that does not exhaust the fraternity of stamp collectors. Says a



U.S. Postal Service spokesman: "It's the most popular collecting hobby in the world."

Like Our Father's kingdom, stamp collecting has many mansions.

**W**ILLIAM G. VAN METER, a Washington philatelist, specializes in U.S. commemorative stamps.

The senior vice-president of the Chamber of Commerce of the United States remembers vividly how stamps caught his fancy. He was in the fourth grade of a public school in Berlin, Pa.

"Some of the other kids in school had some stamps. And I remember seeing a little girl who had one of those old-time tablets with a bunch of stamps pasted in it."

Had this happened a few years later, his attention might have been riveted on the girl. But at the time, he was ten.

"When I saw those brightly colored bits of paper," Mr. Van Meter says, "for some reason, which I can't explain, I was attracted to them."

He had an aunt, a philatelist, who sent him packages of stamps and, later, first-day covers. He built up his collection the way most youngsters did.

"I'd ask my parents for envelopes that had stamps on them. Then I'd trade with other kids. I acquired a modest little album."

Later he reached a crossroads that most serious collectors finally encounter.

"You realize," he says, "that there are thousands and thousands and thousands of stamps already issued, and every year each nation adds to the total."

"So it becomes impossible to collect them all. Out of the galaxy of stamps, you have to choose your own corner of it."

Now, Mr. Van Meter has mint copies of all commemorative stamps back to the mid-1930s. He has mint plate blocks, with a few exceptions, back to the same time.

What appeals to him most?

"The beauty of the stamps. But also, in glancing through these albums, I reflect a bit on events in the nation's history. Because these commemorative stamps mirror them."

Like many philatelists, he wants his stamps where he can see and enjoy them. "That's why I wouldn't want to own a very valuable stamp," he says. "You'd have to keep it in a vault."

**W**HO COLLECTED the first postage stamp? No one knows for sure. The Belgians, British, French, and Russians have claimed the honor.



The British Penny Black is an example of foreign stamps in many collections.

But the idea of stamp collecting seems to belong, without challenge, to John Rourke, who was Receiver-General of the Stamp Duties in Ireland.

In 1774, he began collecting duty stamps issued in that year. He was a stamp collector before the world's first adhesive postage stamp—the British Penny Black—was issued on May 1, 1840. Mr. Rourke is the father of the stamp album, if not of philately.

**B**UT IN ITS INFANCY, that is not what postage stamp collecting was called at all.

The fad swept the Continent. By 1865, Parisians had already formed a stamp-collectors society. The derisive French name for the mania was *tim-bromanie*.

Georges Herpin, an avid collector, coined a classier one. "The post office doesn't charge for delivering a letter," he reasoned, "because it carries a postage stamp."

"Therefore," his Gallic logic went on, "the stamp exempts the letter from charge or tax."

"I am a lover of those pieces of paper which are exempt or immune from tax, and the Greek word for friend is *philos*, while the proper way to speak in Greek of the object that so exempts a thing from tax is *atelia*."

"Therefore, philately let it be."

His line of reasoning may not slip easily into a syllogism.

Shake the hand of Georgia Cooke, and you shake the hand that shook the hand of Queen Elizabeth II.

It all began with a six-cent stamp.

"As a young girl, I always had an interest in England," says the successful real estate saleswoman from Webster Groves, Mo. "I was also fascinated by real princesses, castles, and palaces."

"I was a stamp collector, too. My father had been one."

When she was in high school, the two enthusiasms meshed.

"Newfoundland," she says, "had issued a stamp to commemorate a visit by Princess Elizabeth, who was then three or four years old."

"When I saw her picture on that blue, six-cent stamp, that triggered it. I realized suddenly that this was the kind of stamp I wanted to collect."

**N**OW SHE has an extensive but not expensive collection of stamps that centers around the British royal family, "where they go, what they do, the royal marriages, visits, anniversaries. All their activities are reflected in stamps issued to commemorate these events," says the lifetime member of the Million Dollar Club of the Missouri Association of Realtors. "It's a fun collection."

In 1959, she was invited to Chicago to meet the Queen and her husband, Prince Philip. The royal couple went there for a dinner and reception celebrating the opening of the St. Lawrence Seaway.

The hobby that lures Basil Pearce to dusty California ghost towns brought Georgia Cooke to a glittering reception in the Chicago Hilton. "It was," she says, "fantastic."

There just isn't any justice, says Helen E. Warren. "The United States has never issued a chess stamp," the Chicago philatelist and chess buff complains.

"Many other countries issue them periodically, but not us. We've issued stamps for tennis, bowling, fishing, hunting, baseball, but not for chess."

However, she is gently reminded, baseball is the national sport.

"Is tennis?" she asks. "Is bowling?"

Mrs. Warren, owner of American Postal Chess Tournaments, might be willing to forgive this national oversight, except that she collects stamps with a chess theme.

That makes her a topical collector.

**C**LASSICAL COLLECTORS, like Basil Pearce, stick to one country's stamps and sometimes to early issues only.

That is the traditional way to collect. Members of the American Philatelic Society, founded in 1886, tend to be classical collectors.

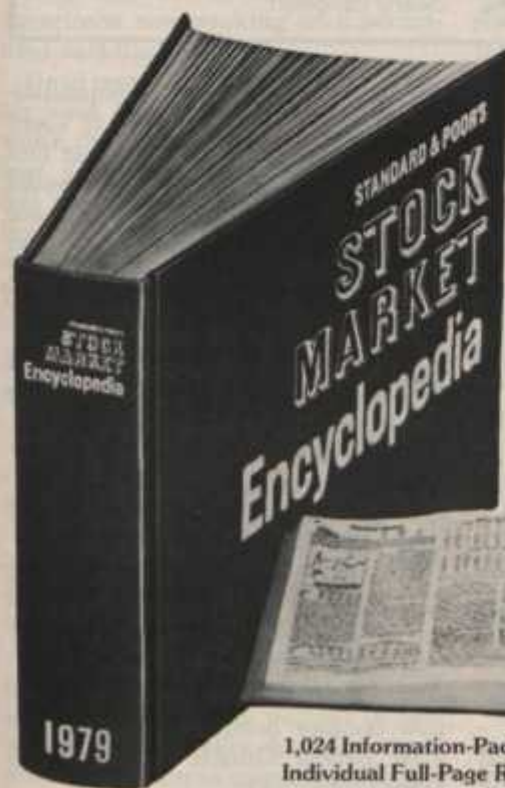
Collecting by theme or topic has a briefer history. Jerome Husak, a pioneer topical collector, founded the American Topical Society in 1949.



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Classicists may turn up their noses at topical collecting, but it has advantages.

"I automatically buy every stamp with a chess theme," says Mrs. Warren. "My collection is almost complete. I have stamps from all over the world. Yet, to indulge in my kind of collecting, you don't have to go broke."

**N**OT A CHESSBOARD, with its medieval knights and rooks, but 20th-century flight.

That's the theme that captured the imagination of Robert W. Murch. He put his first stamp in an album at the age of six. It was a 1925 commemorative of the 150th anniversary of the battles of Lexington and Concord.

But history soon took a back seat to wings. The day it happened was June 18, 1927. "Charles Lindbergh had come back to visit St. Louis after his solo flight over the Atlantic to Paris.

"He was a hometown hero and idol of the world," says Mr. Murch. His triumphal return was an exciting, watershed event in a young stamp collector's life.

"The Post Office issued a special ten-cent Lindbergh commemorative air-mail stamp to mark the occasion. It went on sale only in St. Louis and a few other cities like Little Falls, Minn., where Lindbergh was born, and Detroit, where he grew up.

"I wanted to get that stamp very badly. My mother and I rode the street car from our suburban home to the old post office in downtown St. Louis. We got in line, and I was able to buy five of the Lindbergh stamps.

"From that time on, I began to specialize in the history of aviation depicted on aerophilatelic items."

Later, in 1941, he was commissioned after graduating from the Naval Academy. He spent three years in the Pacific on the battleship Colorado.

"Every port I visited," he says, "I would spend my first five dollars at the general post office on stamps. The rest I spent on the bright lights.

"Looking back, I wish I had spent more on stamps."

**W**HAT DO PHILATELISTS get from their hobby? Much, much more than meets the eye.

Mr. Murch, with the construction management division of Sverdrup Corp. in St. Louis, puts it this way:

"It's creative. Take a cigar box full of stamps. It's like the pieces of a giant jigsaw puzzle. Yet, out of that chaos, you can create something worthwhile.

"In my lifetime, I've seen aviation go

## How to Be a Better Stamp Collector

Stamp collecting can start on a shoestring. Many stores and dealers still sell a package of stamps for less than \$1.

These are usually what is known as a mission mixture, stamps given to churches or charitable organizations. The stamps are sold, unsorted and in bulk, to dealers, who package the stamps and retail them to collectors.

For those who want to become serious, sophisticated philatelists, here are some tips from one of the standard works on collecting, "The Postage Stamp: Its History and Recognition," by Leon Norman and Maurice Williams:

- Bone up on the literature of stamp collecting. Philately has an extensive literature, both on the history of the hobby and how to do it. The informed collector is a better collector.

- Decide what to collect. The beginner is likely to be frustrated by the immense number of postage stamps already issued and the continuing flood of them.

To get a complete collection of even one country's stamps is always difficult, depending on how new the country is.

- Choose the right album. They come in all kinds and all prices. To pick one, you must first decide the

type of collection you want. The album must fit your collection, not determine what stamps you'll collect.

- Learn how to mount your collection. Improper mounting will impair the appearance and may destroy much of the value of a stamp collection.

- Use of hinges is critical. So is the way the stamps are moistened. You want to display the stamp, not paste it down for life.

- Evaluate used stamps versus unused. An unused stamp is usually more attractive. Its design is not defaced or marked by a cancellation. However, early issues of unused stamps are often difficult to find and expensive.

Used stamps offer a more complete history of the use of the stamp. They are of more interest to some philatelists because they provide more to see, study, and learn—especially if still attached to the envelope.

- Pay close attention to the stamp's condition; it greatly affects the value of the stamp and determines what you pay for it.

Imperforate stamps should have ample margins on all sides. Perforated specimens should be centered. Used stamps should be lightly but clearly canceled.

from its infancy to landing a man on the moon. Through stamps, I've been able to put together its history."

In Lufkin, Texas, where Don B. Brenke grew up, there were no Lindberghs to kindle a child's imagination. But a postman's visit could.

"My mother," Mr. Brenke says, "had bought me a subscription to *Boy's Life*. It had a column on stamps and advertisements of stamp dealers.

"My family didn't have any money, much less me—just a kid in the 1930s, on a small, 40-acre farm eight miles out of Lufkin.

"But I had a quarter now and then, and I'd send away for a packet of stamps. What a thrill it was to go to the mailbox and find this packet—stamps from all over.

"It brought the whole world to a little rural mailbox."

In World War II, he saw some of that world in North Africa and Italy. "There," he says, "those bits of paper came to life."

Eventually, Mr. Brenke made the

sad discovery. "It's an utter impossibility to collect all the stamps of every country. I began to specialize, at first unconsciously. Then I decided I would narrow my collecting down to three topics—the things that were most dear to me. My God, my country, and my hobby."

**H**IS COLLECTION of the life of Christ on stamps has won awards at two stamp shows in Washington, D.C., where he now lives. He's with the communications center of the Ford Division of Ford Motor Co. in suburban Virginia.

"The beauty of stamp collecting," he says, "is that you can spend a lot of money or a lot of time on it—or any combination in between."

Mr. Brenke is spending less time now because being a deacon at the First Baptist Church in Washington takes up a lot of it.

One of his fellow parishioners is a prominent Washington resident: President Jimmy Carter. □



# In Permanent Part-Time Work, You Can't Beat the Hours

By Roberta Graham

More than 13 million Americans are part of a growing phenomenon that could ease unemployment and benefit employers

**B**ERNICE MISTER was excited when she heard about a small inner-city book bindery in St. Paul, Minn., that offered permanent part-time work.

She had spent weeks looking for a job that required less than eight hours a day. With two young sons who couldn't be left unsupervised, Ms. Mister thought the permanent five-hour shift at the bindery sounded perfect.

That was four years ago. Today, Bernice Mister is still punching the bindery time clock, along with 74 other workers, on the early-morning shift. She is also one of the millions of Americans now working on a permanent part-time basis.

Until recently, workers like Ms. Mister were deemed unnecessary, or not worth the training time, or, at the very best, a low priority on the hiring list. But today, it is estimated that more than 20 percent of the labor force is employed on a permanent part-time basis. The Department of Labor expects that number to grow steadily as more women enter the work force.

## 54 million by 1990

The Bureau of Labor Statistics reports that women in the labor force will increase from 48.4 percent in 1977 to 57.1 percent in 1990. The total number of working women will jump from 40 million in 1977 to more than 54 million by 1990.

The part-time work force has grown at twice the rate of the full-time work force since 1954. The number of permanent part-timers has increased from 9.2 million to more than 13 million in the past decade.

In a 1977 study for the Labor Department, Georgetown University re-

searchers concluded that almost every job could be made part-time in the future. But the government, the study says, would have to give businesses new economic incentives, and labor unions would have to accept the idea. Of the 68 corporations in the study, more than half used part-timers. The study says that expansion of part-time jobs could help reduce unemployment.

The study, "Permanent Part-Time Employment: The Manager's Perspective," notes that part-time workers were usually hired by employers who had to balance the work load with the available work force. Part-timers filled jobs that were highly repetitive, mentally taxing, or emotionally demanding. In some cases, the job was outside normal working hours or didn't require much supervision.

The study also notes that the part-time surge has been brought on, in part, by the need to incorporate the growing numbers of women, students, and senior citizens into the work force.

The bindery's parent firm, Control Data Corp. of Minneapolis, Minn., would expand on that scenario: The decision to hire 151 part-time workers for the bindery was necessary for both the community and the company.

Plant Manager Richard Mangram explains that the computer conglomerate wanted to relocate its bindery in the St. Paul area because of lower production and shipping costs. The community, because of its high welfare status, needed the work.

"There is a definite need for a part-time program in this community," he says, "based on the fact that there is a number of female heads of households and students who need to supplement their families' income. Our work

schedules fit the needs of our employees."

The workers, he says, are loyal, responsible, and worth every minute of the time invested to train them. "They produce some of the best work around," he adds.

Bindery part-timers are split into three shifts: Workers on the first shift, mostly mothers, come in at 8:30 a.m. and work until 2 p.m. during the school year; the students' shift takes over at 1 or 2 p.m. and works until 5 or 5:30 p.m.; then the "no-name" shift comes in for the 5:30-9:30 p.m. slot.

"It worked out a lot better than my superiors or I had anticipated," Mr. Mangram says. "I think the program is something other people should take a look at and try."

## High-priority employees

Other businesses are trying it, although different standards and definitions have been adopted to suit particular needs. Part-time employment can mean working a minimum of 16 hours a week but not more than 30; job-sharing in which two people share one job totaling 40 hours a week and one salary; or one person working more than one job but not more than 30 hours a week at any one of them. Some jobs offer full-time benefits such as overtime and sick pay on a prorated basis. Others do not.

Large corporations such as Xerox, Connecticut General Life Insurance, and Eastman Kodak not only have opened their doors to permanent part-timers but also are considering them as high-priority employees. At Xerox, the program is fairly new, explains Jack Delaney, manager of personnel policies and practices, and is used



mostly in branch offices throughout the country.

Permanent part-timers at Xerox, he says, are hired to fill a specific schedule—some are employed for less than 20 hours a week and some for 20 to 40 hours a week. The difference lies in the benefits they receive. Those working more than 20 hours are entitled to full benefits, while less than a 20-hour schedule brings only certain fringes.

To date, Xerox has only about two dozen part-timers, but the program will be expanded once the company identifies how it can best use part-timers.

Connecticut General, on the other hand, employs 200 part-timers, mostly clerical, and plans to increase that number in the next few years. Only two years old, the CG program has been working quite successfully, says Rosemary Parr, program assistant. "We expect them to work as hard as full-time employees, and, for the most part, there is as much productivity,"

she says. "Absenteeism and turnover have been kept to a minimum."

Still other firms find that part-timers fill a necessary gap in scheduling problems and help to balance the work load. Massachusetts Mutual Life Insurance Co., Campbell Soup Co., Trans World Airlines, Inc., Maytag Co., and Lockheed Missiles and Space Co., Inc., are just a few of the firms that subscribe to using permanent part-timers.

Employment agencies and community work groups are also spreading the part-timers doctrine. New Ways to Work in Palo Alto, Calif., is one of those community agencies that are helping to fuse permanent part-timers into the working fabric of many businesses.

Two of the biggest changes, says Gretl Meier, an employment researcher, are the recognition of part-timers as career-oriented workers and the time and effort that employers are putting into training and developing their part-time labor force.

"Basically, the biggest innovations are within the public sector," she says, "although a growing number is emerging from the private sector. From receptionists, medical technicians, social workers, probation workers, and teachers to a few middle managers and higher-level supervisors, employers are putting more time into developing the skills of these people."

Although Ms. Meier believes that both permanent part-time and job-sharing have great potential, the working situation of a part-timer or job-sharer is a trade-off. The employer gains workers who are committed to doing a good job because they are allowed to work when they want. The worker, she says, is willing to take less money for less time spent on the job.

### Three different dentists

As a dental hygienist, Karen Smith used to share three jobs with at least three other hygienists for three different dentists—a standard practice in the profession.

On Mondays and Wednesdays, she would pilot her cream-colored Grand Prix about five miles from her home in Trenton, Mich., to work for one dentist, and on Tuesdays and every other Saturday, she would assist the second. On Thursdays and Fridays, Ms. Smith would drive 25 miles to the office of her third employer.

From a definitional standpoint, she was a permanent part-timer because, while she worked eight hours a day, she didn't work more than 30 hours a week for each dentist.

Did she like it?

"The basic benefits for working part-time for three different dentists are purely operational," she says. "One gets a broad spectrum of how dentists deal with different situations, and the hygienist learns different techniques; you learn how offices are run, how dentists assess patient problems, and how to deal with a variety of personalities."

### Something different

"However, each dentist will stress something different as most important to a patient's care. That can get very confusing if you're not careful."

"But I liked the arrangement because it gave me the time to pursue the things I enjoy most."

"I do a good job in the time that I am at work," says Ms. Smith.

Norman Tweed, a 67-year-old retired Defense Department chemical engineer, puts in 20 hours a week at the

As part of her part-time work on the mother's shift at Control Data's bindery in St. Paul, Minn., Bernice Mister (right) collates materials. Looking on is William C. Norris, Control Data's chairman, and Thelma Lewis.





## national health care expenditures . . .

Source: U.S. Department of Health, Education, and Welfare



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Job sharing is also an alternative used by business as a substitute for full-time hours. The couple above share one job and split the salary as codirectors of a day-care center in Palo Alto, Calif.

American Association for Retired Persons in Washington, D. C., sorting and delivering mail and preparing coffee and tea for board meetings.

"I took this job eight years ago," he says, "not for the money, but because I wanted to stay in touch with people."

Mr. Tweed spends four hours every morning at his job and most warm afternoons with his wife beside the pool at his condominium complex in Arlington, Va.

"Most of my friends didn't think that I could stand the change from a full-time professional job, but I don't regard this job as a second career. Rather, it's a second way of life."

Most negative comments about permanent part-timers come from labor leaders, skeptical employers, and, occasionally, from firms that have tried part-time workers only to find that additional production costs offset any savings in labor costs or that turnover and absenteeism are as great among part-timers as full-timers.

#### The rocket theory

"It's too tenuous," says John Zalusky, an economist for the AFL-CIO. "You don't see many labor unions negotiating this thing, nor employers endorsing it, because the costs have to be made up somewhere. So you cut fringe benefits or offer a lower salary."

"I like to call it my rocket theory," he adds. "A rocket is put into space, and a throng of people watch it go up, and the press writes about it. Years later, it burns out and falls to earth with no big splash. This is what will

happen to permanent part-time. It's the academicians who believe it's a groovy new thing, and they are pushing it."

Patsy Fryman, assistant to the president of the Communications Workers of America, says that permanent part-time is less than desirable because it could lead to employers switching their entire work force to part-time to avoid the costs of full-time benefits.

"Although I recognize the growing desire to work part-time, and I personally believe it's time to reevaluate our employment situation, I also have these terrible suspicions that the program will evolve into permanent part-time for full-timers."

Will organized labor embrace the permanent part-time philosophy in the future?

"Not as far as I can see," says Ms. Fryman. There are many factors working against its acceptance such as the loss of fringe benefits, seniority, progression pay, and pension plans.

All of these things are reasons why labor will not look seriously at the part-time concept, she says.

Despite labor's fears, President Carter issued a memo in September, 1977, to cabinet members and agency directors, urging the adoption of a federal program to encourage the use of part-timers.

"Older people, those with family responsibilities, the handicapped, students, and others who are unable to work full-time can be valuable additions to an agency's permanent work force," the President stated. "To as-

sure that we in the federal government take advantage of the many talents available, I am asking you to establish innovative programs to expand opportunities for men and women seeking part-time employment."

The President took his request one step further by initiating his own experiment in hiring and integrating permanent part-timers into federal employment. As outlined in the fiscal 1979 budget, a year-long program will be tested at the Environmental Protection Agency, Federal Trade Commission, General Services Administration, Veterans Administration, and the Export-Import Bank.

#### No limits imposed

In addition to his own plan, President Carter has signed a bill that creates a permanent part-time career system in the government.

The system provides permanent part-time jobs for women, the elderly and handicapped, and younger people, and imposes no limits. Each federal department and agency will decide what jobs can be filled by permanent part-timers. Permanent part-time career employees will be able to work a minimum of eight hours a week to a maximum of 32 hours a week and will receive prorated fringe benefits.

State governments are also initiating programs to help assimilate part-time workers into the system. In Oregon and Wisconsin, state legislatures have enacted measures allowing two persons to share a job and split the full-time salary but retain full-time rights and benefits. Other states such as California, Massachusetts, Colorado, and Maryland are expected to allow similar practices.

#### How to retire early

As more and more workers enter the labor force, and the working population ages, permanent part-time work may provide answers to questions pondered by both employer and employee: How to retire early but not completely, how to go to school but earn a living, and how to expand the working life of both young and old.

New Ways to Work and Ms. Meier say that permanent part-time and job-sharing can be used in every area of employment.

Says Ms. Meier: "At the least it helps those people who are looking for flexibility in their lives, not necessarily just women, but younger men and older persons near or in retirement. . . . I think it's a growing phenomenon." □



# How to Cope With Job Stress

By Gabe Mirkin, M. D.

**Y**OU CAN'T be a businessman without stress," says Dr. Hans Selye, an expert on dealing with stress. "Successful businessmen perform best under pressure. They are like race horses that are unhappy unless they run hard."

Stress can come from anything: a nasty note from your boss, a canceled order from a major customer, or an impossible-to-meet deadline.

Marshall H. Groom, a Virginia banker, thrives on 60-hour weeks. "I love to make deals," he says. "Each loan is a chess game where I evaluate all the possible outcomes."

It is the way you respond to the event that determines whether you are under stress or in distress. Mr. Groom enjoys his long hours. But what about a person who doesn't like his work?

## Manager hated his job

The manager of one of the largest stores in Washington, D. C., came to me with severe chest pains. An extensive medical workup failed to show the cause of the pains. I asked him about his work.

"I hate my job," he confided. "It takes every ounce of blood I've got. I haven't taken a vacation in years. For all I know, my wife has a lover. She hasn't been interested in me for years, and I'm up to three packs of cigarettes a day."

I referred him to a psychologist who, after six months, got him to change his job. His chest pains disappeared.

Dr. Selye is a Canadian physician who is sometimes called Dr. Stress. He has written about stress in numerous books and articles and heads a Montre-

al institute that does research on the subject. He would have treated this patient in the same way.

Many people are thrust into business situations by chance and end up hating their jobs. As they are either unable or unwilling to resign, they often develop stress-induced illnesses: stomach ulcers, migraine, chest pain and heart palpitations, colitis and diarrhea, nasal congestion, muscle weakness, skin rashes, and impotency.

## Path to success

People who put themselves under pressure are most likely to become top executives. Drs. Ray H. Rosenman and Meyer Friedman, the authors of "Type A Behavior and Your Heart," believe that the same traits that lead to success in business also predispose these people to the diseases of stress.

Here are these doctors' personality descriptions of types of people particularly susceptible to stress diseases—descriptions, they say, that match types of people who are likely to succeed in business:

- The one-man band who tries to do too many things simultaneously.
- The chronic hurrier who is always under a self-imposed deadline.
- The exasperated person who has to be the first driver to start from a red light and can't wait in line.
- The volcanic struggler who is always ready to explode.
- The combative challenger who competes in everything he does and has to be number one.

Executives often can trace their inability to cope in later life to events in their childhood.

James M., a 35-year-old government lawyer, came to me with a severe case of diarrhea and flatulence. After consulting a number of specialists, he wanted me to test him for food allergies as a possible cause. His real problem: a stress load that his body couldn't handle.

At an early age, Jim's father, an immigrant tailor, told him: "If you are not better than everyone else, you will never succeed. Get a first-class education, because that is the only way to advance."

Jim took his father's advice and graduated at the top of his class both at Harvard College and Harvard Law School. But because of his medical problems, he couldn't socialize.

I diagnosed his problem this way: Jim is compulsive in everything and has to be number one, but his body can't handle the emotional stress necessary to achieve his goals.

He quit his job and set up a law practice in rural Virginia. A year later, he called to tell me that he was fine.

## When lives change

Ordinary changes in life-style also can cause stress and illness. The leading experts on this subject are Dr. Thomas H. Holmes, of the University of Washington School of Medicine, and Richard H. Rahe, a Navy captain. They learned, through numerous interviews, the life events that occur most frequently before the onset of illness. Some, such as marriage, vacation, or the birth of a baby, were happy events. Others, such as jail terms, being fired, or the death of a spouse, were sad.

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Life Changes," below. If you score less than 150 points, you have one chance in three of developing a serious illness in the next two years. If you score between 150 and 300 points, your chances rise to about 50-50. If you score more than 300 points, your chance of serious illness is almost 90 percent.

An insurance executive came to me with two complaints: migraine head-

aches and impotency. He had recently been through a bitter divorce. He was being audited by the Internal Revenue Service, and his father had recently died. His overwhelming concern was how to meet his alimony and child support payments.

That adds up to 330 points on the Holmes scale.

He was a likely candidate for stress

## The Impact of

1. Under Number of Occurrences indicate how many times in the past year each of the events has occurred.
2. Multiply the number under Scale Value by the number of occurrences of each event and place the answer under Your Score.
3. Add the figures under Your Score to find your total for the past year.

LIFE EVENT	Number of Occurrences	Scale Value	Your Score
Death of spouse	_____	100	_____
Divorce	_____	73	_____
Marital separation	_____	65	_____
Detention in jail or other institution	_____	63	_____
Death of a close family member	_____	63	_____
Major personal injury or illness	_____	53	_____
Marriage	_____	50	_____
Being fired at work	_____	47	_____
Marital reconciliation with mate	_____	45	_____
Retirement from work	_____	45	_____
Major change in the health or behavior of a family member	_____	44	_____
Pregnancy	_____	40	_____
Sexual difficulties	_____	39	_____
Gaining a new family member (e.g., through birth, adoption, oldster moving in, etc.)	_____	39	_____
Major business readjustment (e.g., merger, reorganization, bankruptcy, etc.)	_____	39	_____
Major change in financial state (e.g., a lot worse off or a lot better off than usual)	_____	38	_____
Death of a close friend	_____	37	_____
Changing to a different line of work	_____	36	_____
Major change in the number of arguments with spouse (e.g., either a lot more or a lot less than usual regarding child-rearing, personal habits, etc.)	_____	35	_____
Taking on a mortgage greater than \$10,000 (e.g., purchasing a home, business, etc.)	_____	31	_____
Foreclosure on a mortgage or loan	_____	30	_____
Major change in responsibilities at work (e.g., promotion, demotion, lateral transfer)	_____	29	_____
Son or daughter leaving home (e.g., marriage, attending college, etc.)	_____	29	_____
In-law troubles	_____	29	_____
Outstanding personal achievement	_____	28	_____



diseases, although all his medical tests were normal. His problem: He was unable to cope with the changes in his life-style and his financial worries.

I referred him to a psychologist who helped him adjust to the changes. Also, his financial situation brightened in a few months. His medical complaints disappeared.

A 66-year-old librarian complained

of a chronic, severe stuffy nose. Since I couldn't find a medical reason for her problem, I questioned her about any changes in her life-style.

She had been forced to retire from the Library of Congress because of her age, and her income had dropped. Her husband was sick. She slept all day and lay awake all night.

That adds up to 231 points on the

## Life Changes

LIFE EVENT	Number of Occurrences	Scale Value	Your Score
Wife beginning or ceasing work outside the home	_____	26	_____
Beginning or ceasing formal schooling	_____	26	_____
Major change in living conditions (e.g., building a new home, remodeling, deterioration of home or neighborhood)	_____	25	_____
Revision of personal habits (dress, manners, associations, etc.)	_____	24	_____
Troubles with boss	_____	23	_____
Major change in working hours or conditions	_____	20	_____
Change in residence	_____	20	_____
Changing to a new school	_____	20	_____
Major change in usual type or amount of recreation	_____	19	_____
Major change in church activities (e.g., a lot more or a lot less than usual)	_____	19	_____
Major change in social activities (e.g., clubs, dancing, movies, visiting, etc.)	_____	18	_____
Taking on a mortgage or loan less than \$10,000 (e.g., purchasing a car, TV, etc.)	_____	17	_____
Major change in sleeping habits (a lot more or a lot less sleep, or change in part of day when asleep)	_____	16	_____
Major change in number of family get-togethers (e.g., a lot more or a lot less than usual)	_____	15	_____
Major change in eating habits (a lot more or a lot less food intake, or very different meal hours or surroundings)	_____	15	_____
Vacation	_____	13	_____
Christmas	_____	12	_____
Minor violations of the law (e.g., traffic tickets, jaywalking, disturbing the peace, etc.)	_____	11	_____
This is your total life change score for the past year			_____

If you score less than 150 points, you have one chance in three of getting a serious illness in the next two years. If you score between 150 and 300, your chances are 50-50. If you score more than 300 points, your chance of serious illness is almost 90 percent.

Source: Thomas H. Holmes, M.D.  
Department of Psychiatry and Behavioral Sciences  
University of Washington School of Medicine, Seattle

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Holmes scale. A job in a local library later cured her stuffy nose.

How do you know whether you or any of your employees are working too hard?

### Accident prone

Dr. Selye lists 31 different danger symptoms. As the box below shows, they can range from irritability and pounding of the heart to accident proneness and neurotic behavior.

If you have several of these symptoms, see your physician. If he cannot relate them to a specific disease, you may be suffering from distress. I suggest the following treatments:

- Know your limitations. Don't do any more than you are comfortable with.

I have a patient who is an accountant. Because he doesn't want to hire help, he works more than 100 hours a week each April.

Last April, he came to my office with severe migraine headaches which prevented him from working at all. He missed his tax deadline altogether.

I recommended that he hire more help.

- Exercise more. Exercise has a tranquilizing effect. Dr. Thaddeus Kosturbala, a San Diego psychiatrist, treats his patients with exercise. He states that he has had more success with exercise than with all other treatments.

- Pursue activities that you enjoy. Much of the tension built up at the office can be released by pleasurable activity away from it. That's why many top executives play as hard as they work.

A 55-year-old insurance salesman disliked his job but was unable to quit because he had three children in college. He developed stomach ulcers which didn't respond to medical treatment.

I recommended that he resume playing contract bridge, an activity that he had enjoyed throughout college. His ulcers disappeared.

### If the treatments fail

If you follow these treatments and still are under stress, you need further help from your family physician, a psychiatrist, a psychologist, a social worker, a clergyman, or a friend. □

DR. MIRKIN, a Silver Spring, Md., physician, teaches sportsmedicine at the University of Maryland and is featured on a CBS Radio Stations News Service program on the same subject. With Marshall Hoffman, he has written "The Sportsmedicine Book," which is published by Little, Brown and Co. They also write a column for "The New York Times" Syndicate.



To order reprints of this article, see page 71.

## WHEN STRESS BECOMES DISTRESS

### The 31 signs of danger are:

- General irritability, hyperexcitation, or depression.
- Pounding of the heart.
- Dryness of the throat and mouth.
- Impulsive behavior, emotional instability.
- The overpowering urge to cry or run and hide.
- Inability to concentrate.
- Feelings of unreality, weakness, and dizziness.
- Predilection to become fatigued.
- Floating anxiety.
- Emotional tension and alertness.
- Trembling and nervous ticks.
- Tendency to be easily startled by small sounds.
- High-pitched nervous laughter.
- Stuttering and other speech difficulties.

- Grinding of the teeth.
- Insomnia.
- An increased tendency to move without reason.
- Sweating.
- Frequent urination.
- Diarrhea and cramping.
- Migraine headaches.
- Premenstrual tension or missed periods.
- Pain in the neck or lower back.
- Decreased or increased appetite.
- Increased smoking.
- Increased use of legal drugs.
- Alcohol and drug addiction.
- Nightmares.
- Neurotic behavior.
- Psychoses.
- Accident proneness.

Source: Hans Selye, M.D., from "The Stress of Life."





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William Messinger, Chairman, Rexnord Inc.; "Milwaukee's manufactured products can be found anywhere in the world. Creativity and the desire for excellence are hallmarks of the city's industrial character."

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## Industry Update

*continued from page 8F*

instrument panels, distributor caps, engine cooling fans, fuel pumps, and battery trays.

General Motors, which introduced the fiberglass Corvette in 1953, started the first automated line for compounding raw materials and producing molded sheets late in 1977. Ford is testing carbon-reinforced plastic as a material for both drive shafts and leaf springs.

Recreational boating, construction, and industrial tanks and pipe are other large reinforced plastic markets. •

## Farm Residues Yield Alternative Energy Source

Researchers are investigating such things as walnut shells, prune pits, and corn cobs as potential energy sources.

John Goss, an engineering professor at the University of California-Davis, for example, has developed a process that can superheat virtually any farm or forest waste material to produce a clean-burning gas.

Prof. Goss has received \$310,000 in research support from the state energy commission as well as aid from such private firms as Diamond/Sunsweet, Inc. and Deere & Co. to construct a working prototype.

"Gasification provides an alternative in an age of energy shortages," Mr. Goss says. "It also symbolizes directions of new agricultural research."

Currently, the professor is working on the reliability of his prototype which gasifies wood chips to provide space heating and air conditioning for a laboratory on campus. •

## Transportation Becoming Primary Aluminum Market

Aluminum industry officials predict transportation uses may soon surpass construction as aluminum's largest single market.

John E. Blomquist, president of Reynolds Metals Co., and new chairman of the Aluminum Association, says the pre-eminence of transportation uses could develop this year or next. Total shipments to the transportation market for 1978 were three billion pounds, or more than 21 percent of the seven million tons shipped.

Mr. Blomquist says the average 1979 American passenger car contains as

much as 127 pounds of aluminum, up from 114 pounds in 1978 models and an increase of 55 percent during the past five years. He also sees many new applications for aluminum in light trucks and a strong market for aircraft uses.

Altogether, he forecasts an increase in total industry shipments to 7.4 million tons in 1979, up 5.7 percent from last year.

Mr. Blomquist also predicts aluminum should have at least 55 percent of the beverage can market in 1979, up from 52 percent in 1978.

He sees the current level of new commercial and industrial construction—a large user of aluminum—lasting at least through this year, and the use of aluminum for remodeling, renovating, and improved heating and cooling on the upswing. •

## Device May Control Galloping Electric Lines

A small pendulum-like device may be able to tame galloping electric transmission lines.

The device, developed by Ontario Hydro of Canada, is designed to prevent violent up-and-down motions—galloping—a phenomenon which occurs when transmission lines are heavily coated with ice.

On cold, stormy days the ice that often collects on the lines takes the shape of airfoils and the wind causes the wire to oscillate. The galloping effect can break the line and even topple transmission towers.

Antigalloping devices have been available for many years, says Robert Perry of the Electric Power Research Institute transmission department. "However, the utility industry has found them unacceptable, mainly because they have been too large, heavy, and expensive."

"These new devices rely on design rather than weight to keep transmission lines under control."

The institute, located in Palo Alto, Calif., will test 2,500 of the eight-by-four-inch devices this winter and next in several northern states. •

## FAA, Airlines Seek Ways to Reduce Ozone Levels

A solution to the problem of ozone concentrations that cause discomfort among passengers and crew members on airliners appears to be finally get-



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ting off the ground. High concentrations of ozone, which is manufactured naturally in the upper atmosphere, can irritate the eyes, nose, and throat, leading to severe coughing and chest pains.

The Federal Aviation Administration has proposed a regulation that would require airlines to limit the concentrations in aircraft to levels calculated by the Occupational Safety and Health Administration.

"We're not sure yet how we will approach the final solution," says Roger Fleming, director of environmental affairs for the Air Transport Association of America, whose members include the domestic airlines. "Manufacturers believe catalytic converters employing precious metals may ultimately be the answer, although this would be very costly to the airline industry."

To obtain compliance, the FAA envisions airlines equipping long-range aircraft, like the Boeing 747, with activated charcoal filters or catalytic converters that would remove the ozone from the air before it enters the airplane cabin. But some airlines have already concluded that activated charcoal filters are too difficult to maintain, says Mr. Fleming.

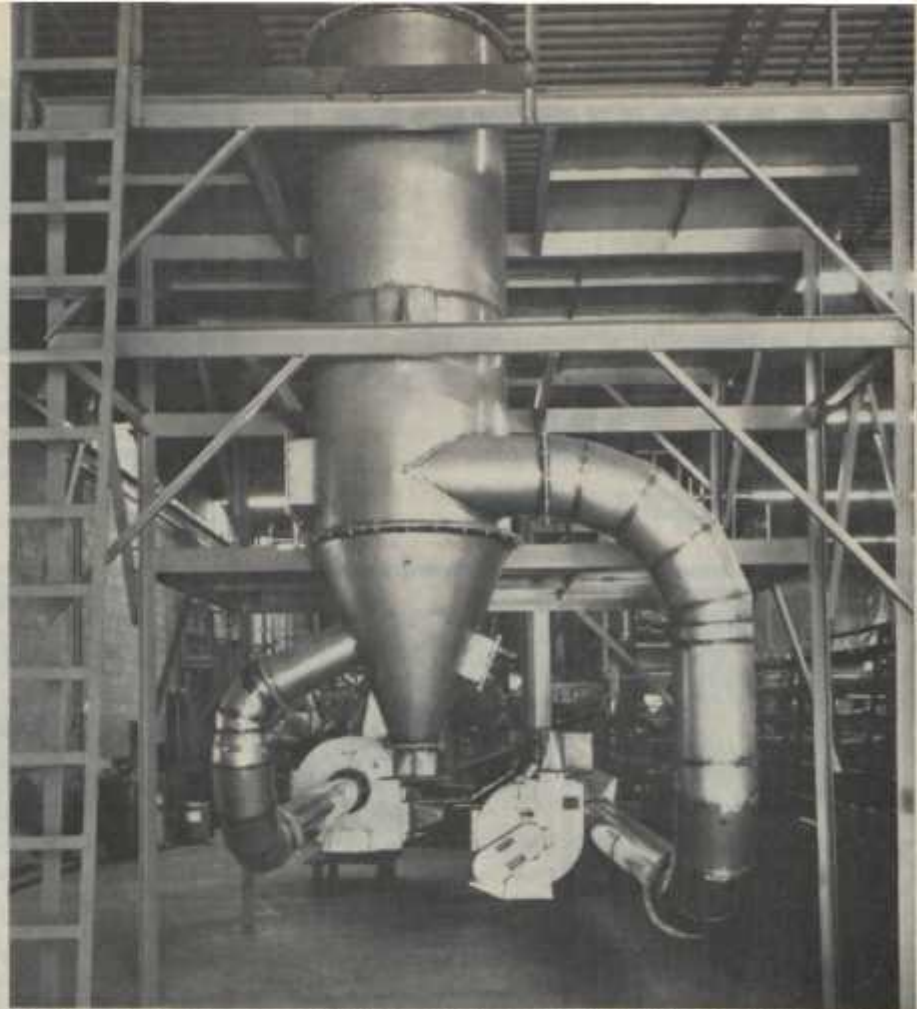
"The FAA's description of ozone concentrations in the atmosphere is imprecise, and will probably force a hardware solution for the operation of short and long-range aircraft," he says.

Until now, manufacturers have concentrated on modifying air conditioning and cabin pressurization systems in large long-range aircraft to accommodate a catalytic converter. "Nobody really knows at this point how to fit a catalytic converter in smaller aircraft such as the Boeing 737," says Mr. Fleming.

Air carriers now stipulate in their purchase contracts with manufacturers that new aircraft must be able to comply with federal ozone standards.

Another technicality remains unresolved. There presently is no device for measuring cabin ozone concentrations that can be installed as part of an airplane's on-board equipment. Compounding the dilemma is that ozone concentrations can vary significantly in different areas of the interior of an airliner in flight.

For example, a passenger is more likely to be exposed to irritating concentrations of ozone in the non-smoking section because cigarette smoke tends to dissociate ozone. "So where and how do you measure it?" asks Mr. Fleming. "It's a perplexing problem." •



The depressed gypsum-board industry could be rejuvenated with the development of this flash dryer that reduces processing time from 30 minutes to ten seconds, while saving more than one third of the energy required to produce gypsum.

## New Gypsum Process Saves Time and Energy

The gypsum-board industry, severely depressed for the past 11 years because manufacturing costs have risen while wholesale prices remained relatively constant, may get a boost from the development of a new process.

Engineers at Gold Bond Building Products, a division of the National Gypsum Co., working with Aerodyne Development Corp. of Cleveland, have developed a flash-drying process which can reduce processing time from 30 minutes to ten seconds.

The process is being used in four Gold Bond plants. The company plans to build two new plants that will employ the process.

Aerodyne says it can produce seven metric tons of gypsum per hour at energy savings of 35 percent. In addition, Aerodyne claims the dryer consistently produces gypsum with fewer overburnt or underburnt particles.

An Aerodyne spokesman says the company is negotiating with three other gypsum-board producers who are interested in installing the flash-drying

equipment in their plants. Introduction of such new equipment, experts say, could help rejuvenate the ailing gypsum-board industry.

Robert J. Day, senior vice-president of marketing for the United States Gypsum Co., told a congressional delegation that the industry's earnings are down and few companies have found it financially attractive to invest in new plants.

Gypsum prices have fallen below the 1967 level in eight out of the past ten years.

Only recently has gypsum board reached the median range of wholesale price indexes of the 24 building materials on which the Department of Labor issues statistics.

Since 1967, the cost of materials—paper, for example—has risen 98 percent and the cost of energy, 233 percent, says Mr. Day.

The manufacture of gypsum board is a highly cyclical business because of its dependence on housing starts. Ten gypsum-board plants have closed since 1970, and some companies have gone out of the business because they were unable to generate enough profit. □



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## Universal Service Wins Almost Universal Acclaim

**M**ANDATORY universal service for young people is supported by a large majority of readers who responded to the November "Sound Off to the Editor" question.

While opponents are few, they express strong views. Universal service, they say, would infringe on basic rights and interfere with career goals. Some also fear that, like the draft, it would not be truly universal.

Some supporters would prefer not to have such a program but feel it is a practical necessity. Others wholeheartedly endorse the idea. They view universal service not only as a solution to many of the country's ills but also as a natural duty to be fulfilled by all who live in a democracy.

Peter B. Heyler, treasurer of Plummer Precision Optics, Pennsburg, Pa., says: "Some form of service to our country should be an obligation of all who benefit from living here."

"Universal service would be an equitable way of exacting that obligation—a kind of service tax."

David R. Hamm, director of industrial development for Burlington Northern, Inc., St. Paul, Minn., agrees. "If no citizen of this country can be denied his or her constitutional rights, then no citizen can deny his or her responsibility to protect those rights."

On the other hand, Henry C. Scuote-guazza, special hazards engineer for Factory Mutual Research Corp., Norwood, Mass., does not consider universal service to be an obligation of Americans.

"Like the draft," he says, "universal service is a violation of the right to life. If one's actions during a given time period are dictated by the government, one does not have the ability or freedom to exercise one's will."

Lewis C. Workman, actuarial vice president, Central Life Assurance Co., Des Moines, Iowa, says: "In time of peace, universal service would be completely inconsistent with our concept of a free society." He adds that "the cost would be huge, and government spending is already too high."

Many readers feel that universal

### "Too Much Government Interference"



"There is too much government interference already. This would increase interference and add to the soaring costs of the bureaucracy," says John C. Hufft, vice president, Coachmen Industries, Middlebury, Ind.



David Barta, general manager, Ingersoll-Rand Co., Phillipsburg, N. J., says yes to universal service, but admonishes that "it must be fairly administered or it should not be done at all."

service might be a problem-solver, both for the nation and its youth.

Robert V. Toppi, general manager of Aetna Life & Casualty, Indianapolis, Ind., says: "A system of mandatory duty not only would help reduce youth unemployment but also would decrease the school dropout and crime rates."

R. K. Miller, director of personnel administration for Braniff International, Dallas, Texas, concurs. "I believe such service would provide a better military force and a national resource of people trained in an occupation. In addition, trained individuals would obtain a better perspective on organization and discipline."

Ronald E. Litton, accounts manager of American Norit Company, Inc., Jacksonville, Fla., believes that "such service would build a bond of common experiences, and teach our young people to work and cooperate with one

another regardless of background or race. Our strength is in our people, and such a program would build, develop, and mature that strength."

Robert E. Comet, manager of manpower development and training, Union Camp Corp., Franklin, Va., and a retired naval officer, thinks it "would get the grass-roots people involved in the military and other services."

Other readers think that universal service would give youth a buffer time after high school in which to make career decisions. "Advantaged as well as disadvantaged teenagers would benefit from government service after high school," says Harvey Hardy, vice president of the Florida division of Georgia Iron Works Co., Bartow, Fla.

"Many of them have no idea what college studies to pursue or what career to attempt. Government service would offer opportunities for spare-



time education as well as experience in various skills."

Not all readers agree. While Donald F. McGarr, Jr., a cost analyst for Lydall/Western Acadia, Inc., Chicago, Ill., recognizes the need for a draft in wartime, he believes that if you force an impressionable teenager to delay the development of his career, "you create a bitter monster and stunt the growth of a precious mind."

Daymon Duckett, 20, is a supervisor at Dalton Refrigeration Co., Inc., Dalton, Ga. He says: "I personally don't need any service to make decisions to guide my life; I am quite capable of making my own."

Richard Walton of Oxnard, Calif., feels that older Americans would benefit from such a program. "The kids would provide services at below-market costs, and their elders would save tax money and collect the benefits. American businessmen always seem to be crying about government interference, but do they like to get on the bandwagon for government benefits?"

Some opponents of universal service think that the system would not really be universal. Sue Poole, treasurer of Weave Craft Rug Co., Anderson, S. C., fears that it "would end just like the draft. All the rich kids would not go, the poor would not qualify, and the middle class would bear the burden."

Several readers mapped out specific plans by which they would carry out a universal service program. John J. Keigher, an attorney with Whitbeck, Holloran & Keigher in Rochester, N. Y., favors giving young people a choice between "two years of military service or three years of nonmilitary duty."

Paul A. Kronenberg, director of communications of the California Chamber of Commerce, Sacramento, believes that young people should have more choice.

"Should universal service be required, I favor a flexible time period in which to accomplish it. Let those with aspirations for higher learning complete their studies or do internships; then allow them to serve. Completion of service by age 35 would result in a diverse group," he says.

Some readers support universal service reluctantly. David Saltman, president of Elgin Press Inc., New York, N. Y., says he favors such a program because "unfortunately, there is no other choice. We have tried the all-volunteer service, but it attracts a poor caliber of service person, leaving us with a serious deterioration in mili-

tary quality." Mr. Saltman fears that "the threat from the Soviet Union's arms buildup leaves us no choice."

Felix G. Reynolds, a pharmacist and owner of Sutton Pharmacy, Lancaster, Ky., says: "I don't really like the concept, but I do like it better than the old inequitable draft system. Maybe public service would increase the old grass-roots patriotism we used to have."

Other readers share Mr. Reynolds's hope that universal service might restore some nationalistic feeling.

John S. Corogin, secretary of Lake Erie Electric, Inc., Lorain, Ohio, be-

lieves that universal service would give each participant "the opportunity to be indoctrinated with a new spirit of nationalism that is so lacking in our society today."

"Universal service," says Charles L. Roedenbeck, branch manager of Bruce-Rogers Co., Russellville, Ark., "would restore the sense of duty all of us owe this free country."

Douglas H. Hitt, president of Hitt Equipment, Inc., Cincinnati, Ohio, hopes that universal service would "give youth a better understanding that the freedom we enjoy is not free." □

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# Real Causes of Inflation Are Monetary Policy and Deficits

By Jules Backman

**A**NY MEANINGFUL ATTACK on inflation in this country must start with greater restraint on the inflationary actions of the federal government.

To check inflation, the government must change its monetary policy and must discontinue spending far beyond its means.

There is no other answer. This is the only answer.

If the government does not take remedial action, inflation will continue to increase—and at an accelerating rate.

## Time to awake

It is, therefore, time for the United States to wake up to the seriousness of the situation and to do something to correct it before it is too late.

Despite the large increase in economic activity since 1975, federal spending has increased even more rapidly—from \$326 billion in fiscal 1975 to a projected \$452 billion this year.

The federal deficit was \$45 billion in fiscal 1975, \$66 billion in 1976, and is about \$48 billion now.

There is no justification for a \$48 billion deficit in a period of high-level economic activity and continuing inflation. While some small cutbacks in federal expenditures are being talked about and on occasion announced, what we need is major surgery.

## Four sensible steps to take

The first step should be a complete freeze on any new federal hiring, with attrition in the labor force used to hold down or to cut total spending as President Carter has announced.

Second, no new spending programs should be adopted unless they can be fully justified on a cost-benefit basis, and low-priority programs should be cut back or abandoned.

Third, regulatory activities should be sharply reduced. They are bogging down business in a swamp of paper-

work and are creating so many uncertainties, particularly in connection with the environment and OSHA, that new investment in industry is being paralyzed. The resulting lag in productivity also adds to the inflationary pressure.

Fourth, the social security tax increase scheduled for 1979 should be reversed.

These large deficits have created upward pressures on interest rates, as well as on prices generally. To meet its deficit, the federal government has had to borrow enormous sums, thus adding to the pressure for higher interest rates.

The inflationary impact of this deficit is compounded to the extent that it is financed by the Federal Reserve System. In 1976 and 1977, the Fed added about \$8 billion a year to its holdings of U. S. government securities.

This is a most inflationary type of financing of the government.

## Excessive money growth

As compared with a real economic growth rate of about four percent, money supply (currency and demand deposits) has been increasing at a rate of about eight percent in the past two years. This excessive growth of the money supply has contributed significantly to price inflation.

Labor-cost increases far in excess of productivity gains have provided persistent pressures for higher prices. Yet these increases have been made greater by government actions which have added one percent or more to the increase in hourly labor costs and held down productivity gains by about one percent. Without these actions, the basic inflation rate would be four to five percent instead of six to seven percent.

The increase in the discount rate by a full percentage point and the increase in reserve requirements on

large certificates of deposit with the resulting increase in reserve requirements of \$3 billion are major inflationary steps. The increase in reserve requirements can hold down credit expansion by \$20-\$30 billion.

It is very unusual to get presidential approval for a one percent increase in interest rates.

## Effect of minimum wage

The minimum wage was increased from \$2.30 an hour to \$2.65 on Jan. 1, 1978, and to \$2.90 on Jan. 1, 1979. It is scheduled to increase to \$3.10 in 1980, and to \$3.35 in 1981.

These increases add about \$2 billion annually to the wage bill. These estimates make no allowance for the added cost as wages above the minimum also are raised to reestablish former salary differentials.

Social security taxes were increased by raising the applicable wage base to \$17,700 in 1978. In 1979, the tax rate is scheduled to increase to 6.13 percent for both the employer and the employee, and the maximum wage base will be raised to \$22,900, with further increases scheduled for 1980 and 1981.

The added cost to business of higher payroll taxes is estimated at \$3.2 billion in 1978, \$4.7 billion in 1979, and \$9.2 billion in 1980. It is estimated that in 1979 the higher cost of payroll taxes alone will add three tenths of one percent to consumer prices.

## Offsetting taxes

The 1978 tax bill reduces income taxes largely to offset the higher social security taxes. It makes no sense to add to the inflationary pressure by raising social security costs and then to offset the lower take-home pay by lowering income taxes. Common sense would have suggested reversing the increase in social security taxes in whole or in part, thus reducing the pressure





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on business costs. Recognition of the inflationary effects of the minimum wage and the increase in social security taxes is found in the proposal by Federal Reserve Board Chairman Miller to postpone the scheduled 1979 increases for one year. This was a constructive recommendation. An even better policy would be to cancel all increases.

A voluntary wage guideline cannot hold to an average of seven percent since exceptions for wages below \$4 an hour, tandem wage increases, and existing contracts will add at least one to 1.5 percent to those totals. Moreover, it will be difficult if not impossible to police smaller unions and industries. The same is true for the 5.5 percent price guideline. This part of the program deals with the effects of inflation, not its causes.

### Consequences of intervention

Barry Bosworth director of the Council on Wage and Price Stability has conceded that: "...past experience with federal government involvement in private labor negotiations has been less than satisfactory. Out of ignorance of both the issues and the consequences of intervention, the government at times has acted to worsen the inflation pressures."

A good illustration is the coal wage settlement which provided an increase of 39 percent over a three-year period—and properly has been criticized as inflationary.

By bringing the negotiations into the White House, miners doubtless received more than they otherwise would have received. How much more cannot be determined. The package was liberalized by one additional paid holiday, by reducing the deductible for health benefits from \$700 to \$350, by raising pensions to \$275 monthly immediately instead of over a period of time, and by a wage increase of an additional 30 cents an hour in March, 1979, and again in March, 1980, instead of a proposed cost-of-living increase up to that amount.

### Decline of the dollar

The declining value of the dollar has increased the cost of imported goods, particularly from Japan and West Germany, and has permitted higher prices for similar domestic products. These higher prices have added about one percent to the domestic price inflation.

The decline in the dollar has been related to our foreign trade deficit, which increased from \$9.3 billion in

1976 to \$31.2 billion in 1977—and is running higher now—and to foreign concern over inflation, which has led to a flight of capital from this country.

The steps taken to bolster the dollar—stronger monetary policy and the \$30 billion stabilization fund—have stopped the decline and will act to reduce new inflationary pressure from this source.

### Congress fiddles with controls

The heavy volume of petroleum imports has contributed significantly to the trade deficit in the past few years. Congress has been fiddling with new controls in an energy bill while the dollar sinks. To reduce our imports of petroleum significantly, we must conserve the use of these products and stimulate domestic output of all sources of energy.

We cannot induce adequate conservation by exhortation, nor can we stimulate output by prayer. The most effective way to achieve these important objectives is to remove controls over the prices of natural gas and petroleum. The resulting higher prices will not only induce conservation, but also provide the incentive to produce petroleum products and other sources of energy.

The increases in the prices of these products will be offset by a decline in import prices as the dollar strengthens. Equally important, it will free our foreign policy from OPEC blackmail.

### Cost of regulation

The antipollution program and other regulatory actions add to the pressure for price inflation. It has been estimated that these regulations have added \$665 to the average cost of a car and \$1,500 to \$2,500 to the average cost of a new house.

The overall annual cost of the regulatory program to the economy is now about \$100 billion, according to the Weidenbaum study for the Joint Economic Committee. These high costs have added to price inflation and underline the necessity for moving more slowly in seeking to achieve worthwhile goals in these areas.

Business faces a paper blizzard and finds itself increasingly entangled in a regulatory maze which adds to costs, paralyzes new investment, and holds down economic growth.

Economist Edward Denison of the Brookings Institution has estimated that productivity was reduced by one half of a percentage point in 1975 as a result of pollution control and employ-

ee safety and health programs alone. The huge additional expenditures for paperwork have added to employment costs and to the pressure for higher prices. The Council on Wage and Price Stability estimates that these regulations add about three fourths of one percent to the inflation rate.

Recently, the Council of Economic Advisers has recommended against some pollution-control proposals because of their inflationary effect. Its recommendations are not always accepted by the President. However, this is a step in the right direction which must be pursued more vigorously.

Higher food costs have contributed significantly to the level of price inflation. Nevertheless, the U.S. Department of Agriculture raised the price support for raw sugar from 13.5 cents in 1977 to 14.65 cents in 1978. Some congressmen seek to raise it further.

### Higher food costs

The loan rate for corn has increased from \$1.50 to \$2 a bushel, and direct payments to wheat producers to cut back production were increased by 17 percent under the Food and Agricultural Act which became law in September, 1977.

A small offset to these price-increasing forces was obtained by the authorized increase in beef imports.

The major thrust of the administration's anti-inflation policy until November was some mild jawboning and a hold-down on wage increases for government employees.

Real evidence of the administration's seriousness to fight inflation will be found in the extent to which it moves to implement President Carter's proposed hold on government spending and the extent to which the Federal Reserve deviates from its new monetary restraints.

### Thinking people

It is no secret that the actions of the federal government are contributing to inflation rather than holding it in check.

If the thinking people of America, lawmakers included, stand by and let present policies continue, inflation will only get worse. It will not cure itself. The time has come to face up to inflation—and to get Congress and the administration to reverse inflationary programs—before it is too late. □

JULES BACKMAN is Research Professor Emeritus of Economics at New York University.





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# Business Must Keep the Momentum Going

**T**HIS IS THE TIME for business to take advantage of the momentum for change generated in the last Congress.

While business generally expects the new 96th Congress to be better attuned to the private sector than its recent predecessors, there is nothing certain about that, and it will become less certain if complacency becomes contagious.

A case in point: After the 1976 general election that put Jimmy Carter in the White House, the leaders of organized labor saw nothing but wine and roses and grew complacent. Prospects for probusiness legislation were grim.

Business was alarmed and went to work in the grass roots. When the final bell tolled on the 95th Congress, organized labor had suffered resounding defeats, such as failure to have the common site picketing bill and the so-called reforms to the National Labor Relations Act passed.

The National Chamber was involved in 107 different issues. The scorecard was 65 wins for business, 13 losses, and 25 partial wins.

Looking ahead to the new Congress, there is reason for optimism.

One of the remarkable things about the congressional campaigns was that just about everyone, incumbent and challenger alike, was running as a conservative.

In response to a National Chamber survey, the overwhelming majority of candidates pledged that, if elected, they would consider inflation to be the nation's No. 1 problem and would support policies designed to relieve the problem.

This month, the new senators and represen-

tatives, along with those reelected, convene in Washington.

Hopefully, they will not have forgotten their promises and pledges in the span of a few months. To be absolutely certain they do not forget, they should receive frequent reminders from their constituents.

Many business leaders are worried about the possibility there will be a letup in the pressure applied on Washington to get at the root causes of inflation.

Despite the encouraging response to the survey from those elected to the new Congress, Shearon Harris, chairman of the National Chamber, is concerned.

"There is no room for complacency," he warns. "It is easier for candidates to talk generally about cutting spending and taxes than it is to withstand pressures for more spending, higher taxes on business, and more regulations. Campaign rhetoric may mean little; the decisive battles to reduce regulations, cut spending, and reduce taxes will start when the roll calls start."

Those roll-call votes are inescapable for this Congress, which, like it or not, must come to grips with the federal government's three principal contributions to inflation:

- High tax rates.
- Deficit spending.
- Unrealistic and excessive regulations.

The momentum to change these unsound, inflation-fueling policies is still strong in America.

It must be maintained.

The continuing vital role for business is to take new initiatives to keep the momentum going. □

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